

Aids tests

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EIGHT PAGES
FROM SUNDAY'S

The New York Times

WEEKLY REVIEW
INSIDE TODAY

Herut factions agree on agenda

By MENACHEM SHALEV
Jerusalem Post Reporter

The Herut Convention will be "dramatic and difficult but dignified and democratic," Labour and Social Affairs Minister Moshe Katsav said last night after Herut ministers tentatively agreed again to the agenda for the convention.

According to yesterday's agreement, the March 29 convention will hold open elections for the hitherto non-existent post of deputy-chairman of Herut, as well as for the operational posts of central committee chairman and secretariat chairman. The convention is also expected to unanimously re-elect Prime Minister Shamir as party chairman.

The agreement is in line with Deputy Prime Minister David Levy's demand for an unrestricted contest for the three posts. Ministers Moshe Arens and Ariel Sharon had pressed for a pre-arranged allocation of the positions, but gave in to Levy's demands for fear of another raucous convention which would break up in the middle as happened last April.

In return, Levy undertook not to support a motion for the agenda sponsored by his followers whereby ministers would be barred from contending for the chairmanship of the central committee and the secretariat.

At the moment, Levy is the sole candidate for deputy-chairman, a largely ceremonial post which Levy hopes will help secure his position as "No. 2" and heir-apparent to Shamir.

Sharon and Reuven Rivlin, head of Herut's Jerusalem branch have announced that they will compete for the chairmanship of the central committee, which, after the expected merger with the Liberals, will comprise 3,000 delegates. These delegates choose the party's Knesset candidates.

Arens is expected to tie-against Levy-backer MK Micha Reiser for the chairmanship of the secretariat. This body serves as the party's day-to-day executive and wields effective control over the Herut apparatus.

Other candidates, such as current secretariat chairman Yoram Aridor and Eliahu Ben-Elissar, have also been mentioned as possible contenders for the two operational posts. Much of the "negotiations" on the agreement took place during yesterday's cabinet meeting, with the Herut ministers passing notes back and forth while the cabinet went about its business.

Levy yesterday expressed satisfaction that his colleagues had "retracted their retraction" from a similar agreement reached two weeks ago. He cautioned that the agreement might still fall apart "since these days everything changes like the weather."

Katsav, who as chairman of the convention presidium is charged with organizing the convention, said last night that the 2,000 Herut delegates would be asked next Sunday to fill a single form containing the ballots for all three posts. He added that there would be a limited number of speeches at the convention, and that he hoped that a single day would suffice for it to complete its work.

Israel-South Africa ties

The cabinet yesterday debated Israel's ties with South Africa following the inner cabinet's decision to reduce contacts with that country's apartheid regime.

An inter-departmental committee is to examine new business deals, but is not expected to revoke any existing contracts.



Members of a new group, Israelis Against Apartheid, demonstrate outside the Hamashbir department store in Jerusalem yesterday against Israel's close relations with South Africa. One demonstrator told *The Jerusalem Post* that the government's decision in favour of limited sanctions against Pretoria was insufficient. "The move was not motivated by the terrible things happening in South Africa," she said. "It was motivated by fear of what the U.S. might do." (Elihu Harari)

Rabbinate ready to do battle with High Court on converts

By HAIM SHAPIRO
Jerusalem Post Reporter

The Chief Rabbinate is preparing to adopt a more militant stance in view of the High Court of Justice ruling today that is expected to order the Interior Ministry to register more non-Orthodox converts as Jewish in the wake of the Shoshana Miller case.

Miller, a Reform convert successfully challenged an Interior Ministry decision to list her as "Jew (convert)" on her identity card. But she left the country before the decision could be implemented.

Today's ruling is a foregone conclusion since Attorney-General Yosef Harish has already announced that he will not defend the Interior Ministry. It is expected to result in an order to register Julia and Murilo Varela of Kibbutz Hanegev as Jews. If and when the registration actually takes place, it will constitute a precedent.

The Chief Rabbinate announced yesterday that it would issue a statement if the court ordered the ministry to "register goyim as Jews." A spokesman at the rabbinate told *The Jerusalem Post* that the wording of the statement would be formulated only after the High Court decision.

Such a statement would be widely seen as a continuation of the controversial petition signed by 18 rabbinical court judges which urged the Interior Ministry not to

carry out the High Court ruling in the Miller case. Harish has asked the police to investigate if the alleged initiator of the petition, Rabbi Gedalya Axelrod of the Haifa Rabbinical Court, was guilty of contempt of court.

Referring to the expected statement from the Chief Rabbinate, Rabbi Uri Regev, legal coordinator for the Israel Union for Progressive Judaism (Reform), said that the conduct of the chief rabbis showed that they did not understand that the chief rabbinate itself exists by virtue of secular law.

Their statement would be a rejection of the rule of law, he told *The Post*, adding that the Law of Return had no halachic foundation.

If anything, he said, the expected statement would show that the Chief Rabbinate itself ought to be eliminated. Regev commended the attorney-general for his position in upholding the law and compared it with that of the former attorney-general, Yitzhak Zamir, who, he said, had not ordered the Interior Ministry to obey the law and register Miller as a Jew.

Regev said that the Reform movement now intended to go to court to have registered as Jews those converts who had not been registered as Jews despite their sworn statements. There were five such cases known to him, he said.

Chinese open to Jewish studies

By DAVID LANDAU
Jerusalem Post Correspondent

HONGKONG. — China has hinted that it would like its academics to study Hebrew and Judaism in Western universities, and a group of leading Australian Jews proposes to launch a foundation to help facilitate this.

The hints were dropped during recent informal contacts between the Jewish activists and key Chinese academics, who are also involved in Beijing government policy making.

The Australian Jews, led by tourism tycoon Isi Leibler of Melbourne, want to involve the World Jewish Congress in their effort. Leibler, who has travelled to Beijing at the head of an Australian Jewish delegation, believes that a serious cultural dialogue between the two peoples would contribute, in the long term, to peace.

Comptroller queries Hevrat Ha'ovdim irregularities

Jerusalem Post Staff

Hevrat Ha'ovdim, the Histadrut holding company, may be forced to set up a committee to investigate charges that its senior directors received irregular fringe benefits, following the release of a controversial report by Histadrut comptroller Naphtali Blumenthal.

In a stormy executive meeting yesterday, the leader of the Hevrat faction in the Histadrut, MK Ya'acov Shamai, demanded that the names of the directors to whom the report referred be made public, and called for an external committee to be set up to investigate Blumenthal's findings.

Secretary-General Yisrael Kessar refused to reveal their names. The report referred to irregular benefits received by certain directors, including high pension benefits, travel abroad, large expense accounts and special provisions for the purchase of various properties.

The report mentions 25 Histadrut bodies, including 10 Hevrat Ha'ovdim companies, three marketing chains, six labour councils and six branches of the Hapoel sports organization.

(Other aspects of the comptroller's report on page 6)

Libyan base falls to Chad

N'DJAMENA (Reuters). — Chad yesterday reported its forces had captured the key Libyan air base of Ouadi Doum after what it described as an "unforgettable" battle.

In Paris, a French Defence Ministry spokeswoman confirmed that the base had been taken by troops loyal to President Hissene Habre.

Ouadi Doum, which Western intelligence sources said was protected by some 5,000 troops, was Libya's most important military base in northern Chad.

Its reported capture would mark the biggest victory by Chadian forces since they launched a drive to reconquer the north last December.

Shamir reassures cabinet:

Pollard probe findings won't go to 'outsiders'

Jerusalem Post Staff
Prime Minister Shamir said yesterday that the government never intended to hand material from the Pollard inquiry panel to outside parties, and had no interest in doing so.

At yesterday's weekly cabinet session, when Shamir reported on the obstacles that had so far prevented the Rotenstreich-Tsur panel from beginning its work, the prime minister complained about the conduct of Alignment MK David Liba'i, the lawyer of three Israelis who are refusing to testify before the panel.

Dr. Yehoshua Rotenstreich and Aluf (res.) Zvi Tsur have said they will resign if Yosef Yagur, Ilan Ravid and Irit Erb take Liba'i's advice and boycott the two-man panel for fear of incriminating themselves.

The attorney-general, Yosef Harish, is to meet with Liba'i today, to hear what guarantees the three former civil servants require that the panel will not transmit their testimony.

Weinberger denies U.S. ran spy here

U.S. Defence Secretary Caspar Weinberger yesterday denied reports that the U.S. had operated an Israeli military man as a spy, Israel Television reported.

Speaking on NBC's *Meet the Press*, Weinberger said such reports were damaging, as they were used to justify acts of espionage against the U.S.

mony to the U.S. court seeking to prosecute them.

Harish told the cabinet yesterday that under the Legal Aid to Foreign

States Law, which he held would apply in the Pollard inquiry, he had absolute discretion as to what material to transmit to the U.S. Justice Department. He said he would use that discretion to see that Yagur, Ravid and Erb were not incriminated.

Liba'i told Israel Television last night that since the government was already committed to giving the U.S. authorities every possible aid in the Pollard affair, the guarantees he would demand on behalf of his three clients would have to be such as to outweigh that commitment.

At yesterday's cabinet discussion, Shamir complained that Liba'i had made his letter to the prime minister public, instead of conducting discreet negotiations about the guarantees he sought on his clients' behalf.

It emerged in the discussion that Liba'i's fees were being paid by the government, in accordance with the (Continued on Page 2, Col. 4)

Summer time — 5 months of it

Jerusalem Post Reporter

Summer time will be in effect this year from Saturday night April 11 until Saturday night September 12, the cabinet recommended to the Interior Ministry yesterday. The ministry's approval is expected to be automatic.

The decision was carried by 11 votes to eight. The eight dissenters were the two Orthodox ministers, Zevulun Haiman and Yosef Shapira, supported by six Likud ministers including Prime Minister Shamir, who favoured a shorter period.

Although Energy Minister Moshe Shalal said that the five months of summer time would save the country \$6.5m in fuel, Deputy Minister Ronni Milo, who is handling the Interior Ministry on behalf of Acting Interior Minister Shamir, argued that the experts had not advanced any irrefutable proof of the benefits of summer time.

At Shamir's suggestion, Shalal said he would submit a proposal to the Committee of Ministers on Legislation that they prepare legislation to make summer time automatic, so that there will be no need to argue about its duration each year.

IDF troops slay two gunmen in S. Lebanon

By DAVID RUDGE
Jerusalem Post Reporter

ROSH HANIKRA. — Two gunmen were killed in a shootout with IDF troops along the northern border of the security zone in South Lebanon on Saturday night, Army sources reported yesterday.

The gunmen were believed to have been on a reconnaissance and information-gathering mission when they ran into the IDF soldiers.

The incident occurred about four kilometres north-west of Hatzbiya. Kalashnikov rifles and other light arms were found near the bodies of the gunmen, indicating that they had been part of a scout squad.

Army sources did not rule out the possibility, however, that they may have intended to attack IDF and South Lebanese Army troops in the area.

IDF troops inside the security zone and along the Israeli border, as well as SLA forces, have been advised to expect an upsurge of attacks in the region — and possibly

across the border — in the near future.

This follows reports that the Iranian-backed Hizbullah and other terror groups are planning new attacks against Israeli forces now that their militiamen are no longer fighting in Beirut, following Syria's intervention in the Lebanese capital.

OC Northern Command Aluf Yossi Peled stressed last week that the IDF and SLA had the knowledge and the means to prevent invasions and ensure the continued security of Israel's northern settlements.

Meanwhile, senior army officers and government officials yesterday visited the Galilee settlement hit in Friday night's Katyusha rocket attack to assess the damage caused to six houses and consider ways of further improving security measures and municipal services.

Ten residents, mostly women and children, had to be treated for shock following the explosion. It was the third time Katyushas had fallen inside Israel this year.

Carter meets with Assad

DAMASCUS (AP). — Former president Jimmy Carter met twice yesterday with Syrian President Hafez Assad for talks on Middle East peace and the Lebanese question, as Damascus media blasted U.S. support for Israel.

But the prior to the meeting, Syrian Foreign Minister Farouk a-

Shara's said that his country was interested in forging better ties with the U.S.

Carter, on the second day of his visit here, told reporters he was eager to meet not only political leaders but also academics who could enhance American understanding of (Continued on Back Page)

Yugoslav PM warns troops will defend regime

BELGRADE (Reuters). — Prime Minister Branko Mikulic, in the face of widespread dissent, was quoted yesterday as warning that all means, including troops, would be used to defend the Yugoslav Communist system.

Mikulic said the political system was under attack from people who were trying to form an anti-Communist opposition.

Also yesterday, a top general was reported as saying the army could not ignore what was happening in society but would not try to act on its own.

Western diplomats said that both interviews seemed to be indirect warnings that the regime would not allow unrest to get out of hand.

"Nothing big enough has happened yet to warrant military intervention, but they are saying that if things go amok, the army could be used," one Western diplomat said.

He added: "The message seems to be, 'We are not going to let the system collapse.'"

The recent unrest is the most serious Yugoslavia has faced since the Communists came to power in 1945.

Mikulic's warning came in an interview with West German reporters, ahead of a visit he is due to make to Bonn on Thursday, it was reported yesterday by the official Tanjug news agency.

Following nationwide strikes over a wage freeze

he imposed last month and amid a rising wave of political dissent he said that if the Yugoslav constitutional system was threatened the authorities would use "all means" to defend it, adding: "and that includes the army."

Deputy Defence Secretary Gen. Milan Daljevic said in an interview in the Slovenian newspaper *Delo* that the army could not be expected to sit idly in its barracks and avoid politics.

But equally unacceptable was the thesis that it should step in of its own accord to quell social disorder.

"As a people's and revolutionary army, the Yugoslav People's Army cannot and must not stand aside from the main social currents," he said.

The army is considered by most Yugoslavs to be the ultimate unifying force in the event of disturbances in a country whose political leadership is collective but very prone to divisions along lines of regional vested interests.

Diplomats said the government appeared to be telling the army that it was aware of the army's concern about social unrest, while the army was telling the government — we are here if you need us. And both would act in concert.

An unprecedented wave of strikes swept Yugoslavia this month in protest against a wage freeze Mikulic imposed on February 27.

Under the freeze, the government ordered pay to be rolled back to the average levels of the last quarter of 1986 and pegged future wage rises to increases in productivity.

The freeze coincided with increases of 25-60 per cent in the prices of meat, sugar and oil. It was introduced with a number of other measures in an attempt to hurt the country's inflation — currently running at just under 100 per cent.

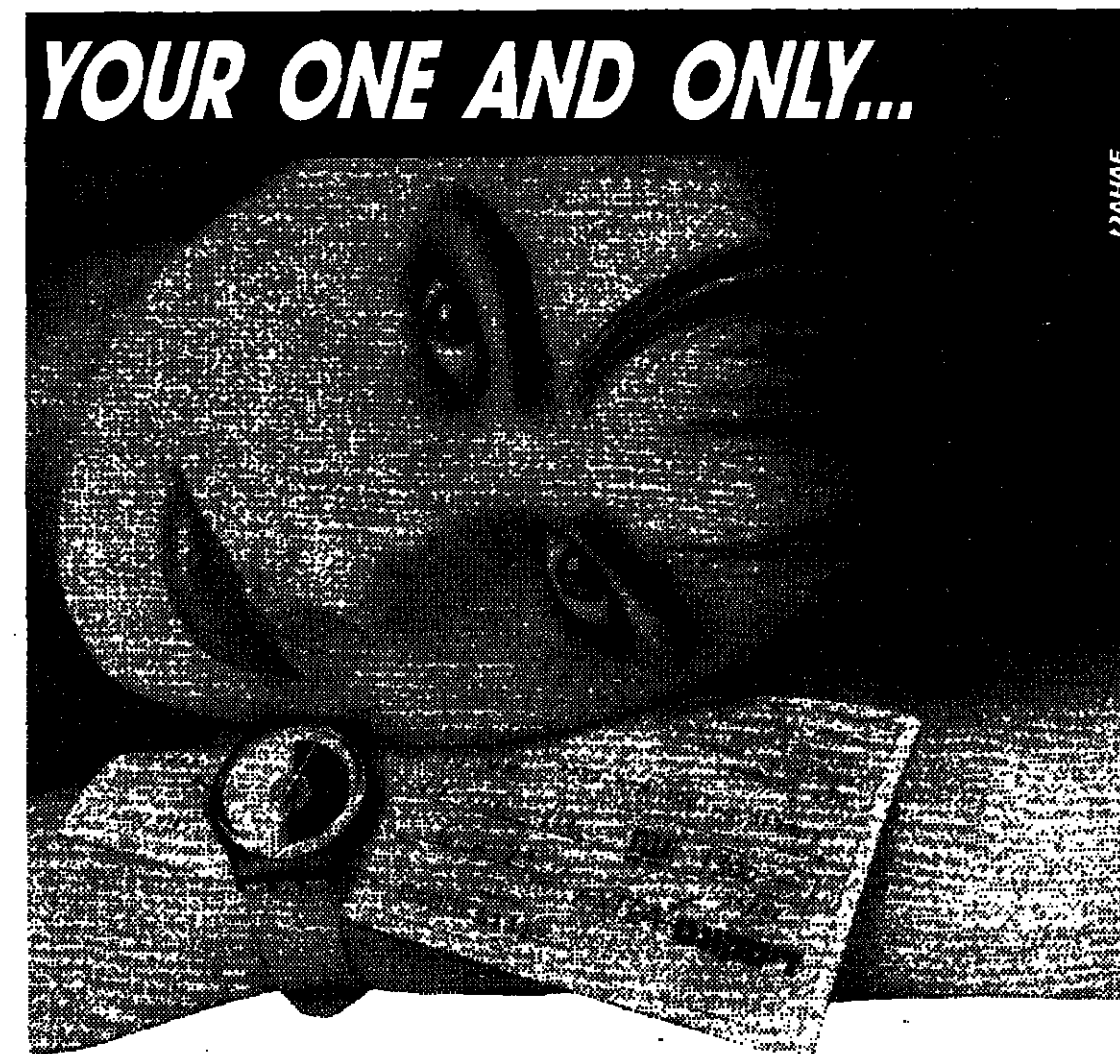
At least 70 strikes were reported around the country. It was the first time Yugoslav workers had tried by spontaneous industrial action to force the government to change a policy or law. Ministers insisted the government would stand firm.

Mikulic was reported as saying there were people in Yugoslavia who questioned the leading role of the ruling League of Communists (the Communist Party).

"There should be no doubt in the country or abroad that we shall defend our system with all means."

"It is written in our constitution. We cannot accept any dialogue on whether Yugoslavia will remain a federative country or not."

Asked whether all means included the army, Mikulic replied: "I have said, all means, and that includes the army, too. Nobody should have any illusions about it."



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The weather at major Swissair destinations

22.3.87	MIN	MAX	WIND	WEATHER
AMSTERDAM	-3	26	7	Clear
BRUSSELS	10	24	4	Clear
BURKELANDS	10	24	2	Cloudy
CHICAGO	-3	26	14	Cloudy
COPENHAGEN	8	22	14	Cloudy
DENVER	2	26	14	Cloudy
GENEVA	-2	26	14	Cloudy
HELSINKI	-4	25	13	Cloudy
HONGKONG	21	26	7	Cloudy
JERUSALEM	18	26	7	Cloudy
LONDON	1	24	9	Cloudy
MADRID	-3	27	15	Cloudy
MONTREAL	1	24	6	Cloudy
NEW YORK	1	24	9	Cloudy
OSLO	-2	28	14	Cloudy
PARIS	1	24	9	Cloudy
SAO PAULO	18	26	7	Cloudy
STOCKHOLM	-3	27	15	Cloudy
TOKYO	4	24	11	Cloudy
TORONTO	-3	27	15	Cloudy
ZURICH	-3	27	15	Cloudy

*For the latest weather conditions contact Swissair.

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Jerusalem: 20 Jaffa St. 02-234373
Ramat: 2500a Road 05-234373
Be'er Sheva: 25 Hahat St. 052-35252
Gurga: Ben Gurion Airport 05-3712151

swissair

THE WEATHER

Forecast: Hot and dry.

Yesterday's	Today's	Max	Min
Humidity	34	4-19	21
Jerusalem	37	9-18	20
Golan	39	8-15	18
Nabatyia	39	8-15	18
Safed	65	25	25
Haifa Port	38	8-25	27
Tiberias	21	11	23
Nazareth	41	9-21	23
Afula	26	10-21	23
Shimon	52	10-21	23
Tel Aviv	37	6-23	26
B-G Airport	23	13-28	30
Jericho	70	10-18	22
Gaza	41	6-23	26
Beerseba	17	15-29	32
Eilat			

Rainfall in millimetres for 24 hours ending yesterday!

SOCIAL & PERSONAL

The German Ambassador, Wilhelm Hass, accompanied by World Wizo president Raya Jaglom, visited institutions in Tel Aviv and surroundings.

The (U.S.) Democratic Party Committee Abroad yesterday elected Ra'anana attorney Sheldon Shorer to serve on its executive board as legal counsel.

In Memoriam

A memorial ceremony for Moshe (Moish) Pearlman and Aubrey and Hindle Kaufman (née Pearlman) was held yesterday at the Har Hame-nubot cemetery in Jerusalem.

Ethiopian Jews charge:

Rabbinate has over 300 couples on hold

By HAIM SHAPIRO
Jerusalem Post Reporter

Over 300 Ethiopian Jewish couples have been unable to marry because the rabbinate will not allow them to do so unless they undergo a symbolic conversion ceremony, activists in the community charged yesterday.

Meeting in Tel Aviv's Yad Eliahu, the representatives of the Ethiopians from around the country reported that some of the couples had been waiting for as long as two years to marry.

Moshe Rahamin, the spokesman for the Beta Yisrael organization of Ethiopian Jews, told *The Jerusalem Post* that another 200 widows and widowers, whose spouses had died on their way to Israel, also wanted to remarry but faced similar restrictions.

He admitted that a number of marriages had been conducted by the community's religious elders, the *kesim*. But this, he said, was contrary to the Ethiopians' general desire to become an integral part of the Jewish people.

He called the Institute for the Study of the Heritage of Ethiopian Jewry, which was set up at Machon Meir in Jerusalem last week, a "sham." Only those *kesim* who were in any case studying at Machon Meir had taken part in its inauguration, he said.

Birdwatchers arrive in Eilat

Post Science and Health Reporter

Some 350 birdwatchers from around the world arrived in Eilat yesterday for a week-long conference that will include visits to nearby nature reserves.

The conference, organized by the Society for the Protection of Nature, has brought professional and amateur ornithologists here from 30 countries, including India, the Philippines, and the U.S.

Israel, located at a point where three continents converge, is regarded as a prime location for birdwatching, as hundreds of species pass over or fly through this country during the migration seasons.

Until quite recently, only a few hundred birdwatchers arrived here each year to pursue their hobby. Now, thousands come annually.

According to surveys conducted abroad, birdwatching rates as the most popular hobby worldwide after gardening.

HOME AND FOREIGN NEWS

Zunshine in Israel 'by choice'

By ROBERT ROSENBERG
Jerusalem Post Reporter and Itim

Former Prisoner of Zion Zachar Zunshine, his wife Tatiana, and 23 other Soviet aliya activists and former refuseniks arrived yesterday evening at Ben-Gurion Airport.

Zunshine sharply denied reports that he had planned to go to the U.S. and had only been talked into coming to Israel at the last moment.

Earlier yesterday, an associate of Minister-without-Portfolio Moshe Arens said the minister had called Zunshine in Vienna and persuaded him to see Israel before deciding to "drop out" to America.

At the airport last night, Zunshine said he had come to Israel because he was Jewish.

Zunshine was released on March 6 after serving three years in a Siberian prison camp on charges of "spreading anti-Soviet propaganda."

At an airport reception for the new arrivals, Jewish Agency Aliya Department chief Haim Aharon said 330 Jews had left the Soviet Union so far this month - the highest figure for one month in years.

Arens spoke to Zunshine over the weekend after hearing that he intended to go to the U.S.

"Every effort to bring Jews to Israel is important, but in this case it was especially important because he is a former Prisoner of Zion," Arens's associate explained yesterday.

According to a spokesman in Arens's office, the minister also helped arrange a trip to Vienna for Ya'akov Gorodetsky, a former refusenik who was a friend of the Zunshine family and was active in seeking Zunshine's well-being in prison and his release.

Gorodetsky reportedly pressed home Arens's request that Zunshine come to Israel before going anywhere else.

Arens was unavailable for comment yesterday.

While Zunshine was imprisoned in the Soviet Union and was therefore termed a Prisoner of Zion, he never stated that he was a Zionist who intended to come to Israel, according to Yuri Shtern of the Soviet Jewry Education and Information Centre in Jerusalem.

Shtern said that a Prisoner of Zion is any Jew arrested for emigration activities. At least two former Prisoners of Zion chose not to come to Israel after reaching the West.

Since January 1, seven Prisoners of Zion have been released from jail, and emigre activists in touch with developments in the Soviet Union are predicting that three other prisoners are likely to be released soon.

Arens has claimed responsibility within the government for handling the Soviet Jewry issue.

Meanwhile, Soviet Jewry activists have bitterly criticized Foreign Minister Peres for attending a performance of the Moscow-based Gypsy theatre now touring Israel.

Peres's attendance at the Saturday night performance in Jerusalem was slammed for what Shtern called



Zachar Zunshine and his wife Tatiana celebrate their arrival in Israel last night by holding up a poster put out by Soviet Jewry activists in this country while he was imprisoned in a Soviet labour camp. The poster says "Prisoner of Zion in the Soviet Union - Zachar Zunshine." (Israel Sun)

"kowtowing" to Moscow.

Another source said that Peres's attendance underscored what he called "Israeli readiness to sell out Soviet Jews in exchange for diplomatic relations."

Habonim train driver charged with causing deaths through negligence

HAIFA (Itim). - The engine driver of the train that collided with a bus nearly two years ago, killing 19 schoolchildren and three adults, has been charged with causing the deaths through negligence.

Shlomo Somech, 61, was yesterday charged in the Haifa Magistrates' Court with negligence and responsibility for the 22 deaths in the collision at Moshav Habonim on June 11, 1985.

According to the charge sheet, Somech had a clear field of vision and sufficient time to brake to prevent the accident. The train smashed into the back of the bus, which was going over an unguarded level crossing; in it were pupils from the Brenner junior high school in Petahtikva.

The charge sheet says that Somech did not see the bus and was not paying sufficient attention. Evidence will be cited from the "black box" in the engine to show that the train braked too late.

Some 40 witnesses are to be called, including accident experts, bereaved parents and two members of Moshav Habonim who witnessed the crash.

At the weekly cabinet meeting yesterday, Prime Minister Shamir, Transport Minister Haim Corfat and Attorney-General Yosef Harish said that one recommendation of the Kama report on the tragedy, calling for a judicial commission of inquiry, was unacceptable.

Harish said there was no need for a judicial commission since the basic condition of current and overriding public interest no longer applied, and charges were being pressed against a suspect.

Shamir said that he had instructed Harish to study which of Kama's recommendations relating to proposed legislation and to responsibility should be implemented.

Cause of former drug agent's death still a mystery to police

By JONATHAN KARP
For The Jerusalem Post

TEL AVIV. - Police are still investigating the cause of death of Ami Ben-Yehuda, who as an undercover agent had been instrumental in bringing about the arrests of 27 suspected drug dealers in the Tel Aviv area.

Ben-Yehuda was found dead in his apartment at 10 Mosinson Street last Wednesday by police officers who were acting on a tip from one of his neighbours. An initial examination indicated that Ben-Yehuda had committed suicide by slitting his wrists, a police spokesperson said.

By Saturday evening, however, an autopsy showed that this was not the cause of death. While police have ruled out the possibility that Ben-

Sharansky lays blame for dropouts on Jewish Agency

By ANDREA KING
For The Jerusalem Post

The failure to absorb immigrants by the Jewish Agency and under fire last night from Nathan Sharansky in a speech at Binyanei Ha'uma. He was addressing a meeting organized by the Jerusalem branch of Americans and Canadians in Israel.

This failure, said Sharansky, was the main reason so many Soviet Jews preferred America to Israel. After the meeting, Sharansky stressed to *The Jerusalem Post* that Israel could not compete with the U.S. in material things.

"You have to make the Russian newcomers feel at home here," he said.

"The trouble is that many of them feel more at home in the U.S." The former Prisoner of Zion noted that after arriving in Israel from the Soviet Union, many Soviet Jews felt they had left one bureaucracy for another.

Sharansky came out against trying to get the Americans to stop granting refugee status to Soviet Jews. "I don't want anyone brought here against his will," he said.

He said that Russian Jews made their decisions in favour of America "long before reaching Vienna." It was because of letters they had received from Russian Jews about Israeli absorption procedures in the 1970s.

Secret Lavi report confirmed

By JOSHUA BRILLIANT
Post Defence Correspondent

TEL AVIV. - The Defence Ministry yesterday confirmed that it had received a secret State Comptroller's report on the Lavi fighter and was trying to discover who had leaked the story to the press.

Yediot Aharonot's military commentator, Ron Ben-Yishai published the report's main points on Friday prompting State Comptroller Ya'acov Malz to take up the matter with Defence Minister Yitzhak Rabin.

Rabin immediately appointed a ministry official to determine whether the report had been leaked from the ministry - and if so by whom.

The report which was in fact a draft enabling the ministry to comment before the final version is compiled, was sent to the Defence Ministry in January. The ministry forwarded copies to several officials who have been involved in the decision-making process since 1980.

Classified as "secret" it details the project's faults and calls the cost assessment "superficial."

POLLARD

(Continued from Page One)

Civil Service Regulations relating to civil servants and former civil servants involved in legal proceedings as a result of their actions while in state employ.

After the three approached Liba'i, he consulted with the ministers of defence and foreign affairs and received their approval to serve as counsel.

Even though Shamir and several ministers stressed the need for the Rotenstreich-Tsur panel to work fast and intensively, it was reported that Tsur would be abroad on business for 10 days, due to prior commitments.

No minister yesterday proposed dropping the two-man panel and going over to a judicial commission of inquiry, in the event that the obstacles are not removed soon.

However, Economics Minister Gad Ya'acobi said at the meeting that if Rotenstreich and Tsur resigned because Harish and Liba'i failed to agree, a judicial inquiry would be the only way out. Ya'acobi's position was echoed by Energy Minister Moshe Shahal, Communications Minister Amnon Rubinstein and Education Minister Yitzhak Navon after the meeting.

To HELEN AND THE FAMILY
Deepest sympathy of the passing of

SASHA

ALEXANDER KOUSSEWITZKY

Fink's Six o'Clock Club

MEMORIAL SERVICE
On the first anniversary of the passing of our beloved

DANIEL WEIN

we will hold a graveside memorial service on Tuesday, 23 Adar, 5747 (24.3.87) at 3:30 p.m. at the Moshav Neve Ilan cemetery.

The Family and Beit Neve Ilan

With deep sorrow we announce the passing of our dear husband, father and grandfather

BEN EDELMAN

The funeral will leave today, Monday, March 23, 1987, at 11 a.m. from his home at 4 Pisker Street, Rehovot, for the local cemetery.

Shiva at the residence of the deceased.

The Family

NIS 800m. plan to save moshavim on way to cabinet

By ANDY COURT

An NIS 800 million plan to deal with the debt crisis of the country's moshavim is on its way to the finance minister and the economic inner cabinet.

The Ravid Committee that was charged with finding a solution to the problem has proposed plans for each of the troubled moshav purchasing organizations.

Economics Minister Gad Ya'acobi asked Prime Minister Shamir to put the plan on the inner cabinet's agenda today, but Finance Minister Moshe Nissim requested more time to study the details.

The committee was chaired by Hevrat Ha'ovdim director-general Shimon Ravid, who formally headed the Jewish Agency Finance Department.

The plan represents an agreement in principle between the banks, the Treasury, the Agriculture Ministry, and the Jewish Agency for rescheduling debts and providing some direct aid to the moshavim.

Ravid said that about NIS 650m. of the NIS 800 million package is for rescheduling moshav debts, at 7-8 per cent interest (linked to the Consumer Price Index) over a period of 15 to 20 years.

Two-thirds of the money to reschedule the debt will come from the government and one-third from the banks, he stated.

Another NIS 150m. is for cancelling debts. Of this sum, 60 per cent is to be provided by the banks and 40 per cent by the Jewish Agency.

The plan also calls for some 2,400 family farms - some 11 per cent of the moshav movement - to turn their land and water rights over to other members in return for help in settling their debts. Some 30 to 40 moshavim will be turned into "community settlements" which will have collective responsibility for loans and will not be based on agriculture.

Some Treasury sources expressed concern that some of the Ravid Committee had pressed ahead without implementing some of the more basic organizational and structural changes that were part of the committee's mandate.

"Very little has been done in the field to gather the information and to verify it," one Treasury source said. "There are hundreds of farmers, maybe thousands, that we have to talk to, and we haven't even started that yet."

The plan will probably meet with political objections in the inner economic cabinet, and in the Knesset Finance Committee.

MK Dedi Zucker (CRM), a member of the Finance Committee, yesterday criticized the effort to rush the moshav plan to the economic inner cabinet without any genuine discussion of the issue.

Court ruling leaves both Liberal factions 'victors'

By MENACHEM SHALEV
Jerusalem Post Reporter

The Liberal Party's two warring factions both claimed victory yesterday after the Jerusalem District Court set down guidelines for the future operation of the party's institutions.

The court ruled against a seven-point plan submitted by Yitzhak Moda'i's faction which would have changed the party's constitution by enlarging its central committee council and by scrapping the principle of proportional representation on these bodies.

But the court did allow Moda'i to propose to the party council three new members for the nine-man presidium which Moda'i heads. It also allowed the party to replace delegates to the 238-member central committee and the 424-member council who have died or left the party.

MK Uriel Lynn, of the Avraham Sharir-Gideon Pat-Moshe Nissim faction said last night that the court had rejected the Moda'i faction's attempt to "undemocratically seize control of the party institutions and impose absolute rule."

But MK Pinhas Goldstein, a Moda'i supporter, said he was "very satisfied" with the decision because it allowed his camp to "fill" the places vacated by supporters in the central committee and the council.

The power struggle in the Liberal Party is linked to the impending merger with Herut, which is due to be approved at next Sunday's Herut Convention.

The merger agreement stipulates that the Liberals will have 1,000 delegates in a newly constituted 3,000-strong joint Likud/Central Committee. These 1,000 delegates will be empowered to choose the Liberal candidates for the next Knesset, and its cabinet ministers, should the party join a future government.

Jerusalem attorney Shraga Biran, who represented the Sharir-Pat-Nissim camp, said yesterday that his clients had won a "clear-cut victory" in court.

Biran noted that the court had proclaimed the inalienability of a party constitution between conventions and that "for the first time a court had lent a helping hand to the victims of political manipulations."

'Milo violated court order by naming Mondrowitz'

By JOEL REBIBO

Ronnie Milo, the deputy minister in charge of the Interior Ministry, violated a High Court order when he released the name of suspected child molester Avraham Mondrowitz, according to a complaint filed yesterday with Attorney-General Yosef Harish.

"The High Court issued a ban on publication of his name which is still in force," Mondrowitz's attorney David Ofek told *The Jerusalem Post* yesterday.

Ofek added that Milo "has made statements about the case that the deputy district attorney has ruled are classified, and he released a letter from a New York assemblyman without checking to see if it was authentic."

The letter, written by social worker Zipporah Ben-Avraham on the stationery of Assemblyman Doy Hinkind, claimed that Mondrowitz had infected 28 children with AIDS.

In a statement released over the weekend Hinkind dissociated himself from the letter and said that Ben-Avraham was not on his staff.

On the 30th day after the passing of our dearly beloved wife, mother and grandmother

ROSI RUBIN

née Haas

there will be a memorial service and unveiling of the tombstone on Wednesday, March 25, 1987 (24 Adar 5747) at 3:00 p.m. at the Holon cemetery. We shall meet near the new gate.

Husband: Walter Rubin
Daughters: Ilana Shima, Irit Kagan and families
Grandchildren: Tal, Oren and Guy

Our deep gratitude to all who gave help and support in our time of sorrow.

On the first anniversary of the death of our dear

LEO SAVIR

there will be a graveside memorial service at the Har Hamenuhot Cemetery, Givat Shaul, Jerusalem, at 4 p.m., tomorrow, Tuesday, March 24, 1987 (23 Adar 5747)

The Family

ELSIE ISRAELSTAM

passed away on March 3, 1987 at the age of 92.

She was the widow of Rev. J. Israelstam and the beloved mother of Nina Lewis, London and Sam Israelstam, Beit Ha'emek.

Mourning by:
Children, grandchildren and great-grandchildren

Hussein, Mubarak repeat call for int'l talks

Fatah backs faction pact

TUNIS. — The mainstream Fatah group of the PLO said it backed a new accord achieved recently by five Palestinian factions, the Palestinian news agency Wafa reported yesterday.

In a communique issued in Tunis Saturday night, Fatah said the "organizational political" accord included cancellation of a joint PLO-Jordan agreement which would be proclaimed at the next meeting of the Palestine National Council, the Palestinians' parliament in exile.

It said the 18th session of the PNC would be held in Algiers on April 20.

In Cairo, King Hussein of Jordan yesterday reiterated that an international Middle East peace conference that includes the PLO could resolve the Arab-Israeli conflict.

Hussein, who flew back to Jordan at the end of a one-day visit, spoke to reporters after a four-hour meeting with President Hosni Mubarak.

Mubarak echoed Hussein's words and said Egypt was in contact with

the PLO in an effort to "coordinate positions and facilitate the convening of the (international) conference." Mubarak did not elaborate further.

"Jordan's position is clear," Hussein said. "It demands the convening of an international peace conference attended by the parties concerned, including the PLO and the five (UN) security council members."

The Wafa news agency report from Tunis did not identify the five factions which had subscribed to the accord. Up to six PLO groups have held talks in Algiers, Tunis and Tripoli, Libya, this month.

The Fatah communique singled out Libyan leader Muammar Gaddafi for praise for his contributions to the unification of Palestinians and his support for the Palestinian struggle.

It reaffirmed "our categorical refusal of projects...like resolution 242 of the UN Security Council which takes our national cause for a refugee

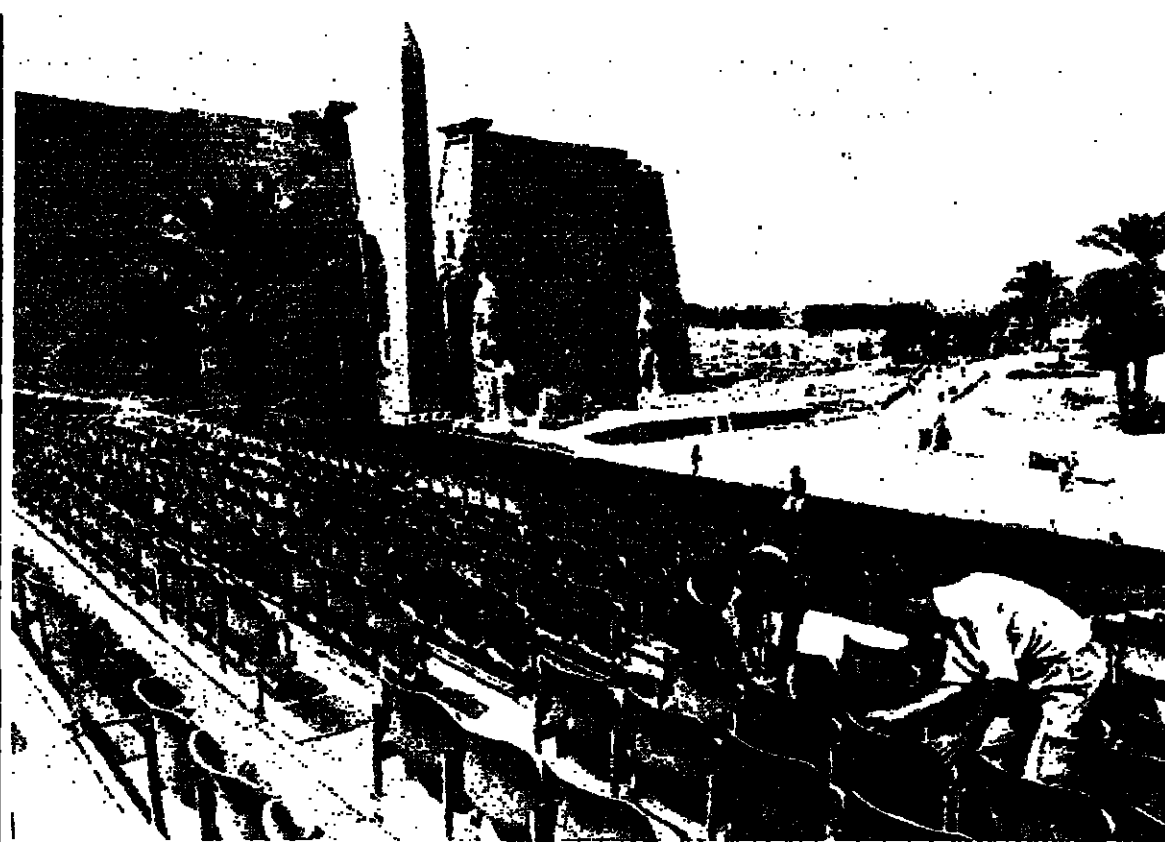
question and not the cause of a people fighting for...self-determination and the establishment of an independent state."

Meanwhile, Palestinian terrorist leader Abu Abbas said Libya was playing an important role in reconciling Palestinian factions and predicted PLO chairman Yasser Arafat would visit Tripoli soon.

"There is a positive and tangible development from Libya towards the PLO," Abu Abbas said in a telephone interview from an undisclosed location Saturday night. But he said the development "is still at its beginning."

Abu Abbas is wanted in the U.S. and Italy for plotting the October 1985 hijacking of the Italian cruise liner Achille Lauro in the Mediterranean.

Abu Abbas, leader of the leftist Palestine Liberation Front (PLF), is a member of the PLO executive committee. (Reuters, AP).



Egyptian workers put finishing touches to the 4,700-seat open-air theatre at the Temple of Luxor in Upper Egypt where Verdi's opera *Aida* is to be staged in May. In 1869 Verdi wrote the opera, set in the 3,500-year-old pharaonic temple, to mark the opening of the Suez Canal. (Reuters)

All weapons 'go' along 1,200 km. front

Iraqis fete foiling Iran's plans

BAGHDAD. — All Iraqi forces along the 1,200-km. front with Iran opened fire with all their weapons shortly after midnight Saturday to celebrate the "failure" of Tehran to achieve its promised victory in the just-ended Iranian year, a military spokesman said yesterday.

Earlier yesterday Iraq's President Saddam Hussein said Baghdad had foiled Iran's promise of a decisive victory. But he called on the country's armed forces and civilian population to remain vigilant "in spite of the failure" of the Iranians.

In a message to the nation broadcast by Radio Baghdad, President Hussein warned the troops that "the dying viper of Iran has kept its poison and could make a last strike."

He repeated that there could be no peace except on the basis of the five principles already rejected by Iran.

An unconditional withdrawal of opposing forces to international borders, exchange of prisoners of war,

signing of a peace and non-aggression agreement, non-interference in internal affairs and a "positive role" for Iraq and Iran in maintaining peace in the region.

Rejecting Hussein's offers and other peace formula advanced by world bodies, Iranian leaders last summer vowed the war would be ended in Iran's favour with a "final offensive" that would overthrow Iraq's Ba'ath Party regime by March 21.

But a series of cross-border assaults, three of them east of the southern Iraqi city of Basra this year, failed to materialize as the promised "final, fateful blow." Iran now is believed to have reverted to a long-drawn war of attrition instead of a massive onslaught to capture Baghdad.

Iranian Prime Minister Hussein Musavi said two weeks ago Iran has devoted "huge resources and energy for future moves."

Meanwhile, Iran yesterday denied

as baseless reports that it intends to threaten shipping in the Gulf and warned the U.S. that any interference in the region would meet a strong Iranian response, Tehran Radio said.

The warning, by a Foreign Ministry spokesman, followed recent reports that the U.S. aircraft carrier Kitty Hawk and several escort ships had received orders to move towards the strait of Hormuz, the entrance to the Gulf.

Washington is also said to be considering requests for U.S. naval escorts for Kuwaiti and other Gulf tankers. Kuwait on Saturday reacted favourably to these reports, while emphasizing the responsibilities of the Gulf states in their own territorial waters.

The U.S. State Department said two days ago that Tehran had been told of U.S. concern over Iranian anti-ship missiles posing a threat to the free flow of oil from the Gulf. (AFP, Reuters)

Jilted mistress uncovers spy ring

PARIS (Reuters). — Investigations into an alleged spy ring probing space secrets in northern France took a bizarre turn yesterday as lawyers said the network was denounced by the jilted mistress of one of the accused.

Paul Walter, lawyer for 36-year-old Pierre Verdier, said Romanian-born Antonetta Manole sent a letter of denunciation to France's DST counter-espionage service after Verdier married another woman last year.

Verdier, his Russian-born wife Lyudmila Varygina and Manole were among six people charged in the Normandy city of Rouen last week with spying for an unnamed foreign power.

"I think all this is based on a denunciation. Mrs. Manole is a very jealous woman and denounced Verdier as a Soviet bloc agent," Walter said in a radio interview.

Verdier's father, who has strongly disapproved his son's innocence, also spoke of a love triangle at the heart of the alleged spy ring.

He said his son had a liaison with Manole while they were both working at the Rouen branch of the National Statistics Institute.

"The day he decided to marry the Soviet woman, there was a denunciation," he said. He dismissed the charges against his son as "like something out of a bad novel."

The espionage case is believed to centre on a top-secret factory near the town of Vernon, 80 kilometres northwest of Paris, where the motors for western Europe's Ariane rocket are made.

Afghan invasion was 'mistake' Soviet says

NEW YORK (AFP). — The Soviet intervention in Afghanistan in December 1979 was a "mistake," a Soviet diplomat said here.

Roland Timerbayev, a member of the Soviet UN mission, told an audience at Columbia University: "We accept that what we did in the past was a mistake, but we want to pull our troops out now."

He made his remarks during a symposium Friday on the control and transfer of technologies, and told the *New York Times* in a telephone interview afterwards that he had been expressing a personal and not an official view.

Democrat Representative Stephen Solarz of New York, who was at the conference, said it was the first time he had heard a Soviet official admit that the invasion was a mistake.

Italy fears terror wave after general's murder

ROME (Reuters). — Italian officials said yesterday they feared a new wave of internationally coordinated urban guerrilla attacks following the murder of an Air Force general in charge of arms supplies.

"We must be prepared for serious and violent incidents," Interior Minister Oscar Scalfaro told reporters after a weekend meeting of top security officials.

Scalfaro, who said police had evidence of links between urban guerrillas in France, West Germany and Italy, said Friday night's killing of Gen. Licio Giorgieri bore the stamp of European terrorism and might have been ordered outside Italy.

Giorgieri, 61, was shot dead in the back seat of a staff car by two young men on a motorcycle as he was being driven to his home in the west Rome suburbs.

Soviets see 'evidence' U.S. 'Zero option' may be bluff

MOSCOW. — There is "increasing evidence" that the U.S. is unwilling to eliminate medium-range nuclear missiles from Europe and that Washington's so-called "Zero option" was a bluff from the start, according to a senior Soviet official.

In an interview published by the government newspaper *Izvestia* yesterday, Viktor Karpov, head of disarmament affairs at the Foreign Ministry, said Washington "has never wanted a situation in which it would be forced to get rid of its Pershing-2 and cruise missiles" deployed in Western Europe.

Karpov also criticized recent suggestions in Washington that the Pershing-2 missiles be replaced by the shorter-range Pershing-1 after an agreement on the elimination of medium-range missiles.

"That would mean that nearly all the current 108 Pershings as well as

their installations would remain in Europe" after the signing of a U.S.-Soviet agreement, he stressed.

Moscow is also opposed to any redeployment of cruise missiles on surface vessels or submarines, he said.

Karpov added that the Soviet Union was prepared not only to "eliminate" all its SS-20 missiles aimed at Western Europe, but also to "destroy their launch pads." But Soviet leaders will never sign an "empty" arms control agreement.

He stressed, however, that "if both sides show goodwill, an agreement on the elimination of Euromissiles could be worked out in three or four months, or at most six."

An agreement would require efficient verification measures, Karpov said. "If U.S. law forbids the inspection of private firms" involved in missile construction, the law "will have to be changed," he added.

Million Parisians protest health cuts

By MICHEL ZLOTOWSKI
Jerusalem Post Correspondent

PARIS. — Well over a million people marched in the streets of Paris in a demonstration staged by the Communist-led General Confederation of Labour (CGT) to protest cuts in medical expenses refunded under the state health care system.

The figure of demonstrators was estimated by the CGT.

The demonstration was organized by the Communist-led General Confederation of Labour (CGT).

The Government project calls for a 10 billion franc (\$1.7b) budget reduction of the nationalized health insurance system, mainly by suspending reimbursement for "comfort medicines," such as vitamins.

CGT Secretary-General Henry Krasucki said at the start of the

demonstration that "quality health care has become unaffordable in France. From now on, to stay in good health is a luxury, a privilege," he said.

Following the wave of social unrest that rocked the government since last December, the CGT has now decided it was high time for the union to flex its muscles. Scores of chartered trains, hundreds of buses brought demonstrators from all over the country to Paris for the mass rally.

FOREIGN BRIEFS

French foreign minister has talks in Oman

MUSCAT. — French Foreign Minister Jean-Bernard Raimond opened talks with Omani officials yesterday aimed at strengthening ties between Paris and Muscat. The French minister told reporters on arrival Saturday night that his talks would include political aspects of the region, relevant to Oman's strategic importance, as well as economic and bilateral issues.

In an interview published yesterday by the United Arab Emirates daily *Al-Ithad*, Raimond, who is currently on a Gulf tour, said: "Our position remains the same. We want to protect our citizens, but our Middle East policy will not be affected by the hostage issue." (Reuters, AFP)

Fahd to ask London to renew Syria links

Jerusalem Post Correspondent
LONDON. — Saudi Arabia's King Fahd will this week appeal to Prime Minister Margaret Thatcher to restore diplomatic ties with Syria, and may threaten to cancel an \$8 billion arms deal with Britain if she refuses, according to Whitehall sources.

Fahd is due to arrive in Britain tomorrow for a four-day state visit, in the course of which he is expected to press hard for renewed London-Damascus links, arguing that President Assad's regime has ended its backing of terrorism and has acted responsibly in intervening in Beirut.

Britain broke ties with Syria immediately after Nezar Hindawi's conviction last October for plotting to blow up an El Al jumbo jet at Heathrow. The trial, and considerable independent evidence, revealed that the Syrian embassy here and officials in Damascus had organized the bomb plot.

Greek ex-general found hanged in cell

ATHENS (AFP). — Odysseus Anghelis, a former general who was vice president of Greece in the time of the military dictatorship known as the Rule of the Colonels (1967-1974), was yesterday found hanged in his cell in Korydallos Prison in Piraeus, near Athens, police said.

Anghelis, 75, was jailed for 20 years for treason and armed rebellion in August 1975, following the collapse of the dictatorship and the return of democracy in July 1974.

U.S. launches Indonesian satellite

CAPE CANAVERAL (AP). — An Indonesian communications satellite launched into space aboard a Delta rocket has been placed in a stationary orbit over the southwestern Pacific, where it will serve six nations, the U.S. space agency has said.

The Palapa BP-2 communications satellite is orbiting the earth 35,780 kilometres above Kalimantan, formerly called Borneo, according to officials of the National Aeronautics and Space Administration. The satellite will serve as a space switchboard for Indonesia, the Philippines, Thailand, Malaysia, Singapore and Papua New Guinea.

An agreement would require efficient verification measures, Karpov said. "If U.S. law forbids the inspection of private firms" involved in missile construction, the law "will have to be changed," he added.

Captain who ditched stowaways freed

ATHENS (Reuters). — A Greek court has ordered the release of a sea captain jailed in September 1985 for ditching a group of 11 African stowaways into the Indian Ocean.

An appeal court in Piraeus first reduced Capt. Antonis Plytzanopoulos's 10-year sentence to seven years, then ordered his release last Monday on payment of an \$8,800 fine after the prosecutor said he had been guilty of a misdemeanor not a felony because the death of the stowaways was not proved.

Church can't back force, Tutu tells ANC chief

LUSAKA (Reuters). — Archbishop Desmond Tutu, who won the Nobel Peace Prize for his non-violent struggle against apartheid, embraced a top black South African guerrilla leader in public yesterday but said the church could not support his methods.

"The ANC (African National Congress) is not bloodthirsty," Tutu told reporters after two days of talks in Zambia with ANC president Oliver Tambo and other leaders of the outlawed movement.

"These are people committed to finding a solution to the South African problem, and it is a tragedy that they are not able to meet people of power at home."

But non-violent methods can still be employed, he said. The international community must be given a chance to exert pressure on Pretoria for non-violent change.

"If those efforts fail, then violence would be the only option. I hope it doesn't come to that," Tutu said.

He noted that the ANC had been forced into violence after 50 years of non-violent struggle, and said his coming to Lusaka to meet the movement's leaders at their headquarters amounted to a recognition by the church that the ANC "is a significant force that cannot be ignored."

Tutu and Tambo embraced and posed for photographs as the Anglican archbishop left to return to South Africa.



Two Syrian soldiers sit in the sun with a French-language Lebanese newspaper yesterday at the seaside corniche in west Beirut. Many Syrian troops and local residents were seen basking in the early spring sunshine as life returned to normal in this war-torn sector of the Lebanese capital. (Reuters)

Three leap to death in New York fire

NEW YORK (Reuters). — At least seven people died in a blaze in a New York skyscraper yesterday, three of them after jumping more than 30 floors to escape the flames, fire officials said.

They said at least eight others were injured in the blaze in the top three floors of a 35-storey public housing complex on Fifth Avenue

and 110th Street in Harlem and firefighters were searching the building for more victims.

Heavy smoke billowed around the building and officials on the scene said the fire may have started in a trash container in the basement and spread up through the building via garbage disposal chutes.

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The Effect of Recent Events on U.S.-Israel Relations

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'I know that it
must have come
up and I must have
verbally given
the O.K.'

'I still do not
have the answer
to that money.'

President Reagan,
at his news conference Thursday night.

A Political Convalescence Begins, Prognosis Uncertain

By R. W. APPLE JR.

WASHINGTON
"It was a dull press conference," said Senator Alan K. Simpson, Republican of Wyoming, after President Reagan met with reporters last Thursday evening, his first such session in four months. "It probably didn't inspire anyone." Friday morning, one of the President's senior advisers said, "From our point of view, that's a plus, because it means that he didn't go out there and blow it."

Such is the revolution of lowered expectations that has taken place in the White House in 120 days, as the Iran-contra controversy has grown so large that it all but blocks the political sun that for so many years shone so brightly and so steadily upon Ronald Reagan.

Like a convalescent who is first permitted to sit up in bed, then a solid diet, then a few steps in his hospital room, Mr. Reagan is inching his way back. His acceptance of the conclusions of the Tower Commission was a first step, his appointment of former Senate minority leader Howard H. Baker Jr. as his chief of staff a second, his steady but passively performance at the news conference a third. Where does he go now?

"Presuming that there is no document out there that we don't know about, nothing that implicates the President in something illegal or immoral," a key aide remarked, "I think this ship has a 51 percent chance of reaching port without losing more crew members and without capsizing. It's not a whole lot better than that."

People familiar with their work say Mr. Baker and his associates were shocked on moving into the White House three weeks ago, quickly concluding that there was no real organizational structure and that far too many jobs were filled by people they thought third-rate. "At desk after desk," one experienced manager said, "you find good people, attractive people, committed people, hard-working people, but people who are, to be frank,

hopelessly out of their depth."

Despite his authoritarian style, the newcomers found, Donald T. Regan, the former chief of staff, had established no clear chain of command beneath him and had done little following up after making assignments. On the weekend after he was appointed, Mr. Baker is said to have received a telephone call from Attorney General Edwin Meese 3d, telling him that he had better go to the White House immediately, "because there's no one in charge over there."

Mr. Baker has asserted his authority in a number of ways, notably in the area of personnel, bringing in several of his own people and demanding and getting the resignations of holdovers from the Regan era. But he is not functioning as his title might imply; he is not the general manager of the White House in the sense that Mr. Regan and Sherman Adams were.

Instead, he is acting as the senior counselor to the President, generating ideas, asking questions, working on strategy. The detail man, described by some at 1600 Pennsylvania Avenue as the real chief of staff, is Thomas C. Griscom, a young Tennesseean who worked for Mr. Baker in the Senate and was widely regarded as one of the ablest press secretaries on Capitol Hill.

Taking Charge

Mr. Griscom's title is not assigned — he may succeed Patrick J. Buchanan as communications director — but his function is already clearly defined. He has taken charge of the flow of paper, is assigning people to problems, and following through with options to the Oval Office — doing, in short, the kind of things Mr. Adams did for President Eisenhower, or former chief of staff James A. Baker 3d, now Treasury Secretary, used to do for



The New York Times/Marylyn K. Yee
Howard H. Baker Jr.

President Reagan.

A major priority for the new team is showing Mr. Reagan to the public as an active, informed leader, not only to counteract the impression of a remote, uninvolved figurehead given in the Tower Commission report, but also to challenge a new conventional wisdom in official Washington: that the President can no longer manage things and will rely on a regency headed by his wife, Nancy, and Mr. Baker. The news conference was one element in the plan. Another is a series of trips, the first of which is this week, to Columbia, Mo., promoting his proposals to make the United States more competitive. A foreign trip before the long-planned visit to Rome and Venice in June (for the economic summit meeting) is also under consideration, with Latin

America one of several possibilities.

Building better relations with the Senate and the House of Representatives, where Mr. Baker and most of his associates made their reputations, is a second key goal. But that will take a measure of political magic, and a good deal of skill. Kenneth M. Duberstein, chief of the President's Congressional liaison team in Mr. Reagan's first term, has been called back to the White House, and an early test of the new team's conciliatory abilities will come on the highway bill President Reagan has vowed to veto because of what he calls excessive spending. The measure also would permit an increase in the speed limit on interstate highways to 65 miles an hour, which Republican senators consider a legislative triumph. (On the road in New Mexico, Page 4.)

The new staff is agreed that cooperation with Congress is essential if the President is to have any chance of success on the two issues that will guarantee that the President will be "O.K. in the history books," as one aide

put it. They are arms control and budget reduction.

In practical terms, Mr. Reagan has only about 14 months to conclude a major arms reduction treaty and get it ratified, because once the Presidential nominating conventions begin the attention of the political world will be distracted. To wrap things up in that short a time will require the cooperation of the Senate Democrats. And that will require Presidential flexibility, on, for example, the issue of verifying Soviet nuclear testing.

Balancing Acts

Even more flexibility will be needed if the impasse over budget deficits is to be broken. At his news conference, Mr. Reagan once again promised to veto any tax increase and once again demanded a constitutional amendment requiring a balanced budget. The amendment had little chance even when the Republicans had the Senate; the notion of bringing down the deficit by raising revenues as well as by cutting spending has become palatable enough on Capitol Hill for leading Democrats to be arguing about what form of new taxes would be most efficient or acceptable.

Some members of the Baker team believe that tax increases are a necessity, and they are trying to enlist the support of influential conservative activists outside the Administration. They foresee a difficult struggle to persuade the President. They concede, in fact, that it may be impossible unless Mr. Baker himself is prepared to take the political heat. His predecessor, Jim Baker, shared in some after he helped bring Mr. Reagan around to the idea of "revenue enhancement" in 1982.

No one in a position of authority at the White House pretends that Mr. Reagan has put the Iran-contra scandals "behind him," or that he is likely to do so anytime soon. Their expectation is that it will be Thanksgiving before the allegations and the headlines subside. The hopes for the next few months are more modest: that the President will be able to dissipate doubts about his fitness to govern and that he will manage to make visible progress.

Deaver Charged With Perjury

MICHAEL K. DEEVER, the longtime friend of President and Mrs. Reagan who left a \$72,000 White House job to build a multimillion-dollar lobbying business, last week became the first person to be indicted under the post-Watergate law providing for special prosecutors to investigate allegations of wrongdoing against senior Government officials.

The indictment, on five counts of perjury, came nine months after Whitney North Seymour Jr., a New York lawyer, was named for an inquiry into whether Mr. Deaver had turned too quickly to private gain the knowledge and access he acquired in public service as Mr. Reagan's deputy chief of staff. In a series of appeals, the last of which was rejected by United States Supreme Court Chief Justice William H. Rehnquist only hours before the indictment, Mr. Deaver had asked that the grand jury's investigation be stopped while he challenged the constitutionality of the 1978 Ethics in Government Act.

The special counsel's inquiry — which Mr. Deaver himself had called for — was prompted by allegations that in pursuing his clients' interests, he had violated a one-year bar on former top officials' trying to influence the agencies that once employed them and a lifetime ban on their acting as representatives on matters in which they participated "personally and substantially." Mr. Deaver left the White House in May 1985.

Mr. Seymour's investigations involved Mr. Deaver's work for the Governments of Canada and Puerto Rico, on the issues of acid rain and tax credits for business investors, as well as contracts with other foreign governments, including South Korea, and with military contractors. The indictment charges that Mr. Deaver lied five times about his lobbying work, twice in testimony before a Congressional subcommittee, and three times before the grand jury.

In an appearance outside his office building, Mr. Deaver said, "I am confident I have not committed any perjury." In a statement from the White House, President Reagan said: "Mike Deaver has been our friend for 20 years. We wish him well."

Critics Say New York Corruption Case Touches a Fine Line

New Indictments Could Clarify The 'Threshold of Impropriety'

By FRANK LYNN

THE indictments of two powerful Democrats on Federal charges of bribery, fraud and conspiracy last week gave New York State politicians, already wrestling with matters of ethics on several fronts, another question to ponder. Where is the line between influencing politicians, especially through the time-honored tradition of gifts, and bribing them? Or, as Anthony J. Colavita, the Republican State Chairman, put it: "What's the threshold of impropriety?"

Meade H. Esposito, the former Brooklyn Democratic leader, admits giving a Florida vacation in 1984 to Representative Mario Biaggi, a longtime friend whose political influence extends far beyond his Bronx district. What made it bribery rather than a gift, according to the indictment, was that in exchange, the Congressman intervened with Federal and city officials in behalf of a client of Mr. Esposito's. The financially troubled Coastal Dry Dock and Repair Corporation, which owed Mr. Esposito \$613,378 in insurance premiums, was seeking more military contracts, faster payment and reduced water and utility charges at the Brooklyn Navy Yard.

Both Mr. Biaggi and Mr. Esposito have denied any quid pro quo, calling the vacation, in Mr. Biaggi's words, a "hospitable" gift, "strictly between friends." And political colleagues, accustomed to being courted by influence seekers, seemed surprised that there were indictments at all. "I've heard at least 20 members say in the last couple of days that 'that could be me,'" said a member of the House of Representatives who comes from suburban New York. Like others who com-

mented on the indictments, the member preferred not to be identified.

"The prosecutors are like sharks who've seen blood in the water, but nobody has the guts — including me — to stand up and say 'You're crazy,'" said a political consultant. And a Democratic county chairman pointed out that "legal perks are part of the reason people are interested in politics."

Florida Yes, Kalamazoo No

One New York member of the House recalled that he and his wife had accepted an invitation to a transportation convention in Florida, all expenses paid, and that he had been given a \$500 honorarium for his speech. The chairman of the State Senate and Assembly banking committees regularly accept invitations to New York State bankers' conventions. "They usually have conferences in nice places," said a State Senator from Manhattan, "not Kalamazoo or Evansville, Ind."

The Metropolitan Opera gives legislators free tickets and an annual list of operas to choose from, and politicians "on

the arm" are often seen at opening nights of Broadway plays.

Corporations buy tables at political dinners and give the tickets to friendly legislators and their aides. World Series and Super Bowl tickets and trips are also favored gifts. And Jewish groups regularly pay for politicians' guided tours of Israel.

Many comments on the Government's case have also referred to previous investigations of Mr. Biaggi and Mr. Esposito — none of which produced indictments.

Mr. Biaggi has been investigated by the Internal Revenue Service and by a state grand jury looking into his legal fees and an allegation that he had bribed a judge. His attempt to run for mayor in 1973 touched off a series of investigations and revelations, and it was disclosed — after he had denied it — that he had invoked the Fifth Amendment 16 times in a Federal investigation of immigration bills and his personal finances. The disclosure killed his mayoral campaign, although he has since been re-elected to the House by overwhelming margins.

Mr. Esposito has been investigated by the I.R.S., the Securities and Exchange Commission, the state's Joint Legislative Committee on Crime, the New York State Attorney General's office and a special state prosecutor; allegations have included the sale of judgeships and other court posts, irregularities in party finances and a connection with a known Mafia figure.

Comparatively speaking, many critics of last week's indictments rated them on a level with a summons for littering. "It seems like they're elephant hunting with a mouse gun," was the comment of Representative James H. Scheuer of Queens.

The same day the indictments were handed down, state legislative leaders announced they had agreed on a tougher code of ethics for legislators — although



The New York Times/Vic DeLuca
Representative Mario Biaggi after his indictment last week.

they were still resisting a request for a \$5 million appropriation for a state commission named by Governor Cuomo to investigate corruption in government.

The ethics measure, considered almost certain to pass, would require more detailed financial disclosure by legislators and would restrict appearances by the lawmakers — though not by other members of their law firms or by officials of political parties — before state agencies on behalf of clients.

At the political party level, where codes of ethics have been rare, a Democratic state committee study group completed work on what was called a model code of ethics for Democratic party politicians, the strictest for party officials in the country, according to the committee.

If enacted by county organizations, the code would establish an ethics commission with jurisdiction over state party officers, restrict party leaders' appearances on behalf of clients before most government agencies and the Legislature and require financial disclosures by party leaders, among other provisions. The committee hailed the code as the first of its kind for a political party.

The World

C.I.A. Sends The Contras a New Battle Plan

At a time when Congressional support for the Nicaraguan rebels may be eroding, the Central Intelligence Agency is stepping up its role in their military activities.

The agency has provided the contras with maps and blueprints of dams, bridges, electrical plants and other targets that it hopes the rebels will strike during a spring offensive deep inside Nicaragua, according to United States officials.

Although Congress restricts the agency from any broad involvement in the war in Nicaragua, it is not illegal for the C.I.A. to encourage the rebels to strike certain installations, many of which were built by the United States before the Sandinistas came to power in 1979.

"We're skating pretty close to the kind of trouble we got into before," said an American official who reviews contra intelligence reports, referring to the C.I.A. role in mining a Nicaraguan harbor in 1984. That involvement helped lead to the Congressional crackdown. The agency's strategy recognizes that the rebels cannot "go head to head against the Sandinistas," another official said. Instead, it is trying to persuade the contras to strike targets that would disrupt Nicaragua's economy but not harm civilians.

Last week, the Senate narrowly rejected an effort to block the final \$40 million installment of military aid this year to the rebels. The House earlier voted to cut off the money. Despite the Senate move, some members warned it might be the last time they vote for such support.

Israel Loosens Ties With Pretoria

In common with more than a few countries, Israel has long been ambivalent about South Africa. It has



Foreign Minister Shimon Peres addressing Parliament on arms trade with South Africa.

condemned the South Africans' racial policies while quietly selling them weapons and military technology. Taking a step back from that position last week, Foreign Minister Shimon Peres said no new military contracts would be signed with South Africa. Cultural, official and tourist relations will also be curtailed, and possible economic sanctions will be studied. Israeli critics asserted, however, that despite the ban on new contracts, the Government might continue its current military dealings with Pretoria indefinitely.

Israeli Cabinet officials said the move was prompted largely by concern about a forthcoming report by President Reagan on arms sales to South Africa. The report, ordered by Congress, is to list recipients of American aid that are selling weapons to Pretoria. American Jewish organizations and other friends of Israel were worried that the citation might exacerbate strains that arose after disclosures of Israeli-sponsored espionage in the United States.

Israel received \$1.8 billion in American military aid last year. According to unofficial estimates, military sales to South Africa brought in more than \$400 million, supporting thousands of Israeli jobs. Backers of the ties have also noted that South Africans have invested tens of millions of dollars in Israel.

Foreign Minister Roshon F. Botha of South Africa minimized the Israeli action, saying it was "clearly a direct result of pressure by the United States."

A Carefully Timed Plan on Acid Rain

President Reagan, who has been accused of dragging his feet on the most serious conflict between Canada and the United States, declared last week that he would seek \$2.5 billion over the next five years to combat acid rain.

The announcement was apparently timed to avoid any unpleasantness when Mr. Reagan and Prime Minister Brian Mulroney of Canada meet in Ottawa next month. Mr. Mulroney had complained that Mr. Reagan was not living up to an agreement, reached last year, to seek ways to control emissions of sulfur and nitrogen oxides, which are generated mostly by coal-fired furnaces.

Experts in Canada have estimated that half of all the acid rain in that country originated in the United States, mainly in the industrial Ohio Valley. They have also argued that the failure to limit the emissions, which undergo a chemical change and fall to earth in the form of acidic precipitation, could destroy many lakes and forests in central and eastern Canada in the next 30 years.

Some environmentalists said that \$2.5 billion was not enough to curb the pollution, arguing that Mr. Reagan must also require huge reductions in sulfur emissions.

Milt Freudenheim, Katherine Roberts and James F. Clarity

A Voice From Dublin



Charles Haughey waving to supporters as he left Parliament after being elected Prime Minister this month.

'Charlie Just Wants to Be Loved'

By JOE JOYCE

IT was no surprise to Charles Haughey watchers that he took off to Washington for an unscheduled visit on St. Patrick's Day, less than a week after his election as Ireland's Prime Minister for the third time. He is not a politician who shuns the limelight or steps aside easily to allow his colleagues to be pictured with President Reagan when the opportunity arises, as it did last week.

Mr. Haughey, a 61-year-old self-made millionaire, has himself been a political issue in Ireland for the last 20 years.

His flamboyant style has marked him out from the mass of normally gray politicians since his first Cabinet post in 1961. His ups and downs — many and varied — are followed in Ireland with all the fervor accorded a national sports idol.

He has been tagged a political Houdini and "The Great Survivor." He has come through threats to his life and career: serious road accidents, a 1970 court trial, which acquitted him of conspiring to smuggle arms for the Irish Republican Army, three attempts to remove him from the leadership of his Fianna Fail Party, and the sinking of his converted fishing trawler. He may not have survived all these tribulations unscathed, but they have all served to build up the Haughey legend.

His political style owes much to the tradition

Joe Joyce covers Ireland for *The Guardian*, the British newspaper.

that gave the United States Tammany Hall; indeed, in another time he could have had a great career in Irish-American politics. Despite its adoption of the British parliamentary system, Irish politics is closer to its American counterpart in its flavor and practices than it is to the norm in Europe: Two largely centrist parties battle it out for supremacy with ideological groups mainly on the sidelines.

Rewards for His Friends

In that analogy, Mr. Haughey and Fianna Fail represent the have-nots and upstarts against Fine Gael, the party of former Prime Minister Garret FitzGerald, which traditionally represents the financial establishment and the people who are said to have a business investor's stake in the country. The comparison should not be taken too far, of course, but Mr. Haughey's use of political power is reminiscent of old-style ward heelers. He likes to have it so he can reward his friends, especially for loyalty, and confound his enemies. Mr. Haughey has begun differently this time, refusing to do deals with independents who hold the balance of power and can bring down his minority administration.

But he faces economic problems, with unemployment at 19 percent, heavy Government borrowing and high taxation inhibiting economic growth. His recipe for recovery, outlined before last month's election, is an annual growth rate of 2.5 percent and a belief that he can turn the tide simply by replacing the gloomy and defeatist attitude of which he accused his predecessors with a positive approach.

If his efforts to "talk up" the economy fail, he

is likely to turn to another theme that has rarely been far from the thoughts of some supporters in recent years — the belief that obscure forces, usually British intelligence agencies, are working against him. Mr. Haughey himself is prone to conspiracy theories and wondered aloud last Monday, as he left Dublin for Washington, if Ireland's image might be the result of "malicious propaganda."

He once told British Prime Minister Margaret Thatcher that politicians get into history books not by reducing the inflation rate but by resolving major issues. For Irish politicians, the major issue remains the partitioning of the island and the Northern Ireland problem. Mr. FitzGerald has left as his legacy the Anglo-Irish agreement, giving the Irish Government a say for the first time in the running of Northern Ireland. It is a legacy Mr. Haughey is not altogether happy with. He opposed it vigorously at first, as a sellout of Ireland's traditional case for reunification; later, in the face of its popularity with southern voters and northern nationalist politicians, he modified his stand. He now promises to work with the agreement but his gut instincts are still suspicious of it. At best, according to one official, his approach will be one of "creative ambiguity."

But it is primarily on the economy that he will be judged by Irish voters, if not by history. Cutting spending does not come naturally or easily to him: "Charlie just wants to be loved," a former Cabinet colleague once said in despair at his failure to stand up to various pressure groups. It is his misfortune that he should regain power at a time when it is more difficult than ever to prove himself to be the popular man of destiny that his ambition desires.

Arias Government Proposes Its Own Nicaraguan Peace Plan

Costa Rica's Return to Neutrality Strains Its Ties With Washington

By JAMES LeMOYNE

HISTORICALLY the best of friends with the United States, Costa Rica has been sharply at odds with the Reagan Administration of late. Determined to reassert his country's cherished neutrality, President Oscar Arias Sánchez of Costa Rica appears to have rubbed powerful hard-liners the wrong way.

Administration officials have clashed with Costa Rica most sharply over how to deal with Nicaragua. Costa Rica wants to emphasize political rather than military pressure on the Sandinista Government and, to Washington's dismay, has publicly called for ending aid to the rebel guerrillas. The dust still has not settled in this test of wills, but the Costa Ricans seem to be holding their own.

The Arias Government has arrested contra commanders, closed contra bases and sealed a secret airstrip built under the supervision of associates of Lieut. Col. Oliver L. North, the White House aide who was dismissed in the Iran-contra scandals. Last month, the Costa Ricans proposed a regional peace plan that would cut off aid to the contras in return for political liberalization in Nicaragua.

President Daniel Ortega Saavedra of Nicaragua said last week that the plan was constructive but indicated that Nicaragua may propose modifications. Assistant Secretary of State Elliott Abrams has welcomed the plan as "promising," but Costa Rican and American officials said Mr. Abrams had told the Costa Ricans that it did not make suffi-

cient demands on the Sandinista Government. The Senate endorsed the plan, 97 to 1. "There are now discrepancies between the policies of Costa Rica and of the United States toward Central America," President Arias said in an interview last week.

The differences have become embarrassingly evident. Both the American Ambassador and the C.I.A. station chief in San José left under a cloud earlier this year, after revelations that they had secretly aided the

Nicaraguan rebels, or contras, in violation of promises to Costa Rica.

"It has been amazing to watch this," said a Costa Rican senior official. "We are allies, but we wonder how they could be so stupid, so arrogant." Relations became especially testy in early September when the Costa Ricans insisted on closing the secret airstrip built and managed by associates of Colonel North last year, with the knowledge of the United States Ambassador, Lewis Tamba, and Mr. Abrams.

A memo from Colonel North's files published by the Tower Commission in its report on the Iran-contra affair seems to indicate that the former White House aide, Mr. Tamba and Mr. Abrams had talked of threatening Costa Rica with a cutoff of American economic aid if the Costa Ricans were to reveal the existence of the airstrip. Mr. Arias and Mr. Abrams have denied that any such threat was made, but strong doubts remain, Costa Rican officials say.

Ambassador Tamba telephoned Mr. Arias at 2 o'clock one morning in September to "discuss the airstrip," according to a Costa Rican official. Mr. Tamba has declined to comment. Although Mr. Arias denied that there had been overt American pressure, other Costa Rican officials said Mr. Arias's visit to Washington in December had been held up, at least partly because of the dispute, and there had been a long delay before \$40 million of United States economic aid was released. Two Western diplomats added that when Costa Rican officials closed the secret airstrip, they encountered and detained a handful of contra rebels and a contract agent



President Oscar Arias Sánchez

for the Central Intelligence Agency, who was later released at the urging of the American Embassy. Mr. Arias said he "knew nothing" about the reported incident.

However, Mr. Arias later refused to meet secretly with William J. Casey, the Director of Central Intelligence, who visited Costa Rica on a damage control mission in October, according to diplomats and Costa Rican officials. An American Embassy spokesman declined to comment. "He told the Americans that he was willing to meet Mr. Casey pub-

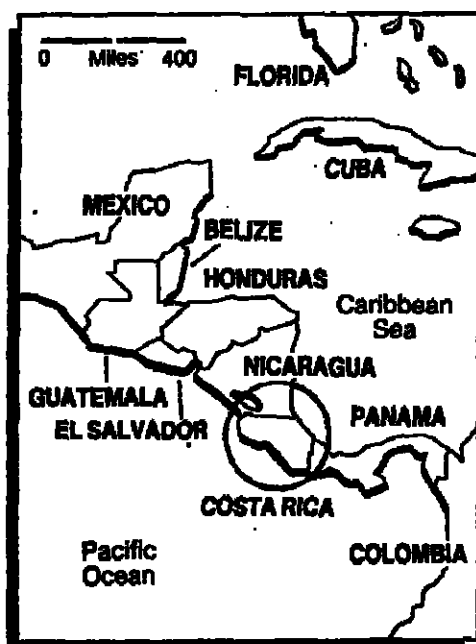
licly but not in secret," a Costa Rican official said. Mr. Casey turned down the offer.

Today's chill is a far cry from the close relationship the Reagan Administration had with the former Costa Rican Government of President Luis Alberto Monge. Costa Rican officials and Western diplomats said Mr. Monge permitted the C.I.A. and the contras to operate in Costa Rica, virtually unfettered — although Costa Rica was always a secondary front in the rebel war, which was mainly directed from Honduras. In 1984 and early 1985, informed Costa Ricans and Western diplomats say, the former C.I.A. station chief, who went by the name of Tomás Castillo, was considered to be the man really in charge of the United States Embassy and responsible for a far-flung range of activities.

Some Costa Rican officials and Western diplomats contend that the C.I.A. established what amounted to a private channel to Costa Rican police and intelligence officials. The American Embassy pushed for the appointment of Benjamin Piza, who was highly sympathetic to the contra cause, as Public Security Minister in the Monge Government two years ago, Costa Rican officials say. Mr. Piza was rewarded with a trip to the White House to meet Ronald Reagan, accompanied by the C.I.A. station chief, the officials added.

Such doings appear to pain the present Government. When he took office 10 months ago, President Arias said Costa Rica, a country that abolished its army in 1949 and has since enjoyed stable democracy, was "a welfare state, not a garrison state." He and other senior officials go out of their way to say that they want close and friendly, but respectful, relations with the United States.

Costa Rican officials and many West European diplomats in Central America say they hope the new Costa Rican peace plan can provide a face-saving way for Washington to step away from the contras and a policy that has strained ties with Costa Rica. But few officials in San José appear to be confident that an entente cordiale with the Reagan Administration will be achieved soon.



Britain and France Try to Put Chauvinism (1066 and All That) Behind Them

U.S.-Soviet Missile Talks Pull Europeans Together

By JAMES M. MARKHAM

SPEAKING in Brussels last week, Sir Geoffrey Howe, the British Foreign Secretary, caught a mood that has crystallized since it became apparent that the United States and the Soviet Union might very well remove their medium-range missiles from Europe. It was a plea for Western Europe to get its act together.

"A Europe which gets its ideas straight is a far more rewarding partner for the United States, and far more likely to have its views taken seriously, than a Europe which speaks with a multitude of voices," Sir Geoffrey argued. "If we want our particular European concerns to be clearly perceived and taken into account in negotiations between the United States and the Soviet Union, then we must argue them out clearly among ourselves and come wherever possible to a common view."

The idea of strengthening the so-called "European pillar" of NATO is not at all new, but it got a tremendous fillip in October when the Reykjavik summit raised the possibility of the superpowers' striking a deal over the heads of the allies. It has gathered momentum as West Europeans try to fathom the implications of upheavals in Washington and Moscow. And despite mutual suspicions rooted in centuries-old European rivalries, which seem always ready to flare up destructively, it has gained plausibility thanks to two long-term developments — a growing emotional commitment to Europe by most of Britain's political establishment and the emergence of France from hermetic Gaullist nationalism.

French-British Coordination

Significantly, President François Mitterrand of France chose to go to London two months ago to deliver an elegant lecture on the European idea. His musings were heavily colored by Reykjavik. "France is my homeland," the French President said. "Europe is our future. Is it possible to miss this rendezvous?"

Close cooperation between France and West Germany has become an operating assumption in Western Europe, but it is only recently that France and Britain, the two European nuclear powers, have started talking seriously about defense. In Paris this month, their Defense Ministers, André Giraud and George Younger, agreed to coordinate procurement policies and consult on the strategic environment. The British and the French are being drawn together by the logic of an assumed Soviet-American arms deal that might first eliminate Europe-based medium-range missiles — the so-called "zero option" — and then move to 50 percent cuts in strategic forces. At that point, the pressure would inexorably build for limitations on the French and British nuclear deterrents — Britain's 16 Polaris submarines and French missiles in submarines, planes and land silos. After Reykjavik, Prime Minister Margaret Thatcher said to have commiserated with President Mitterrand, adding that her predicament was worse than the French President's since Britain, unlike France, gets its submarine-launched missiles from the United States.

As France is in the midst of a big buildup of its nuclear force de frappe, it faces the choice of going it alone in the Gaullist manner or seeking European cover. Pres-

Missiles and manpower

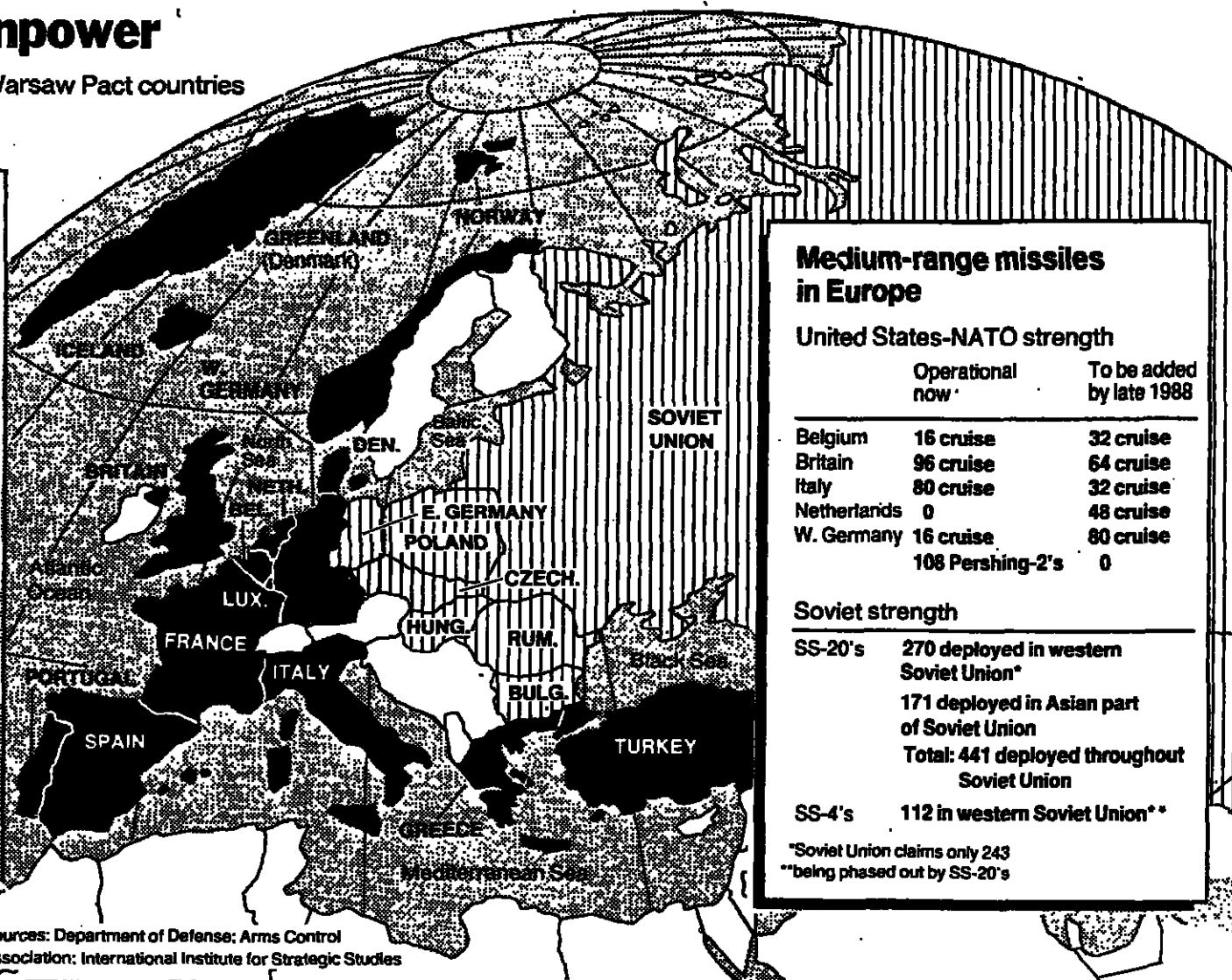
■ NATO countries □ Warsaw Pact countries

NATO's military might in Europe

	Total U.S. troops on duty	Domestic troops by nation
Belgium	3,325	91,428
Britain	29,458	323,900
Denmark	394***	29,525
France	0	557,493
W. Germany	246,852	485,800
Greece	3,488	209,000
Iceland	3,091	0
Italy	15,082	387,800
Luxembourg	0	690
Netherlands	3,072	105,134
Norway	223	37,300
Portugal	1,530	68,252
Spain	9,136	320,000
Turkey	4,923	654,375
U.S. at sea: Mediterranean, North and Baltic seas	23,892	

*as of Dec. 31, 1986 **as of July 1, 1986

***includes 324 troops stationed in Greenland



Sources: Department of Defense; Arms Control Association; International Institute for Strategic Studies

Medium-range missiles in Europe

United States-NATO strength

	Operational now	To be added by late 1988
Belgium	16 cruise	32 cruise
Britain	96 cruise	64 cruise
Italy	80 cruise	32 cruise
Netherlands	0	48 cruise
W. Germany	16 cruise	80 cruise
	108 Pershing-2's	0

Soviet strength

SS-20's	270 deployed in western Soviet Union*
	171 deployed in Asian part of Soviet Union
	Total: 441 deployed throughout Soviet Union
SS-4's	112 in western Soviet Union**

*Soviet Union claims only 243

**being phased out by SS-20's

dent Mitterrand has evidently seen the wisdom of the second course and, with the help of Prime Minister Jacques Chirac, has muffled the objections of Defense Minister Giraud and Foreign Minister Jean-Bernard Raimond to the "zero option." Some of France's allies privately found the ministers' objections faintly ridiculous, since France has no American missiles on its soil but sounded determined that others should hang onto them. Last week, Mr. Mitterrand smiled on an initiative by Jacques Delors, the French president of the European Commission, for a meeting of the European Community leaders on post-Reykjavik defense issues. "Does Europe take the view that its security future is going to be settled above its head?" asked Mr. Delors provocatively. Some Community members, notably neutral Ireland, are likely to oppose such a meeting. But an instrument already ex-

ists for asserting West European views on defense policy — the seven-nation Western European Union.

A European Helicopter

A postwar relic, the union has been revived as the Europeans have sought to assert themselves without arousing suspicions that they might want to do without American protection. It is a tricky exercise, since many in Washington would like a more self-reliant Europe, but one that is self-reliant on American terms. Yet the very process of discussing Europe's interests, and its perception of the Soviet threat, accentuates differences with the United States. Among strategists, there is already talk of forging a Western European nuclear planning committee. The Western European Union foreign and defense ministers will meet next month, but they are not ex-

pected to venture into such deep waters or do anything to stir sentiment in America for bringing its G.I.'s home.

The European pillar is likely to be fortified by less ambitious undertakings, like last week's discussions that brought France and West Germany close to agreement on the joint production of a combat helicopter. In his Brussels speech, to the Royal Institute of International Relations, Sir Geoffrey said that within the North Atlantic Treaty Organization, the Europeans already supply 90 percent of the manpower, 85 percent of the tanks, 95 percent of the artillery and 80 percent of the combat aircraft facing the Warsaw Pact. Washington today, he observed, remains fully committed to NATO. "But we need to be alert to trends in American thinking," he warned, "which might diminish our security — perhaps not today or tomorrow, but possibly in the longer term."

Ethiopia Keeps Some Lines Open to the West

A Country Under Guns — And Still Underfed

By JAMES BROOKE

THE 18th-century English historian Edward Gibbon once wrote: "Beset on all sides by foes, the Abyssinians slept for a thousand years forgetful of the world by which they were forgotten." Now, after a decade of revolution, war and famine, modern Ethiopia is wide awake to the 20th-century world of superpower politics. To stay in power, the Marxist rulers of this land, officially classified by the World Bank as the poorest on earth, have turned to the West for food and to the East for guns.

The arms suppliers unquestionably have the upper hand. "Military aid is the most important. One million people died of hunger and nothing changed for the Government," a Western diplomat said here. Over the last decade, the Soviet Union has provided \$3.5 billion worth of arms, with which the Ethiopian leader, Lieut. Col. Mengistu Haile Mariam, has pursued continual wars with hostile neighbors and domestic guerrilla groups.

Last month, Western reporters in Somalia inspected the latest evidence of Mr. Mengistu's dependence on Soviet military aid. Six miles inside neighboring Somalia, reporters were shown the smoking wreckage of 11 Soviet-built T-55 tanks of the Ethiopian Army. Somali officials said they had been destroyed during a cross-border raid.

In an interview, Mikhail N. Botcharnikov, press counselor of the Soviet Embassy, said: "We continue to help Ethiopia maintain her defense capability, for which the Ethiopians are really grateful to the Soviet Union." Stressing that the relationship is wide-ranging, embracing education, development and famine relief, Mr. Botcharnikov said 600 Ethiopian undergraduates enroll in Soviet universities every year. He produced a list of 38 Soviet development projects: an oil refinery, hydroelectric dam, tractor assembly plant, irrigation project, oil and gas prospecting, and also the supplying of Soviet professors to the three Ethiopian universities.

Soviet aid during the two-year famine, which eased last year, consisted of providing Antonov-12 transports and Mi-8 helicopters

to move grain and to resettle famine victims. Some Western aid workers have said that the resettlement program was involuntary and resulted in thousands of deaths.

Apparently unmoved by Soviet largesse, many Ethiopians remain doggedly, if discreetly, pro-Western. "Russians no good. Americans, Italians, we like," an Ethiopian man said, summing up a pervasive attitude. Italy administered the Ethiopian region of Eritrea for more than 50 years and occupied all of Ethiopia for five years in the 1930's. Recently, Italy has intensified its Ethiopian trade and aid.

Warm feelings toward Americans were evident at a literacy reading room in a school that still bears the name of John F. Kennedy. A teacher showed a visitor reading materials for newly literate students, pamphlets on breast feeding, gardening, maintaining clean water supplies — and identifying Imperialists. A moment later, the worker fondly recalled learning to play baseball from a Peace Corps volunteer in the 1960's.

Despite American educations acquired in former days, many Ethiopians have managed to adapt to the circumstances of rule by revolutionary Marxists. An Ethiopian who is a Yale Law School graduate helped write and promote the new socialist constitution, which is based on Soviet and Rumanian models. Until a Cabinet shuffle last week, a Harvard Law School graduate was Minister of Law and Justice in a country where, the State Department recently reported, people are routinely imprisoned without trial and citizens "have no civil or political freedoms."

"Back in the Ring"

At the United States Embassy compound, a park-like expanse shaded by eucalyptus trees, James R. Cheek, the chargé d'affaires, said he believes the Government has not closed its doors to the United States. Relations had soured in early 1977 after Government expulsion orders reduced the American diplomatic staff from 375 to 28. "When I got here the attitude was, 'If a light bulb goes out, why replace it?' — we may be leaving tomorrow, anyhow," Mr. Cheek said.

"We were thrown back in the ring by nature," he said. During the drought and famine of 1985 and 1986, the United States was the largest source of private and public food aid. In one sign of improved relations, Mr. Cheek and a visiting Congressman, Representative Mickey Leland, Democrat of Texas, dined with Mr. Mengistu at the Ethiopian's palace last month. And last year, Ethiopia started making payments under an agreement to pay American companies \$7 million for properties nationalized after the 1974 revolution. Perhaps reflecting growing confidence, three new houses were built in the American compound last year.

Some American Congressmen — not Representative Leland — argue that Washington should adopt trade sanctions against Ethiopia to push for human rights improvements. Sponsors of a sanctions bill in the House note that Ethiopia is the third-largest American trading partner in Africa.

But many diplomats here argue that imposing sanctions would be quixotic. "The idea that economic pressure can change Ethiopian policy is ridiculous," a European diplomat said. "It will just mean that more people will die of hunger."

The Communists Lost Big Last Week

A Chiller Climate for The Left In Finland

By STEVE LOHR

FOR decades, the Communist Party was one of the groups that dominated the coalition politics of Finland. But after last week's parliamentary election, it was clear that the Communists, once a vital mediator in Helsinki's delicate relations with the Soviet Union, had fallen into the lower tier of Finnish politics that includes smaller parties representing Christian fundamentalists, a Swedish-speaking minority and environmentalists. "The Communist Party has become a small group," said Max Jakobson, the former Finnish Ambassador to the United Nations. "And communism itself is a spent force in Finnish politics."

Indeed, the vote reflected a drift to the right in Finland. The Conservative Party was the big winner, picking up nine seats to raise its contingent to 53 in the 200-seat Parliament. On the left, the ruling Social Democrats won 56 seats, a loss of one, while their share of the popular vote fell 2.5 percent from the 1983 election, a significant decline here. The Communists, however, suffered the biggest setback, losing seven of their 27 seats. The party's declining popularity and its split last year into Eurocommunist and Stalinist factions seemed to insure that it would lose ground.

Even the Soviet Union is keeping its distance from the Finnish Communists, who had a history of close ties to their neighbor. In 1918, Finnish "reds" lost a bloody civil war and fled to Moscow, where they founded their party. After World War II, they returned to Finland and for years their party won the support of about a quarter of the electorate.

Whether the Finnish Communists have support or not, the country's security has depended on living in harmony with the Russians. "Finlandization" became a code word — a misconception, most Finns insist — for a country that has fallen under Moscow's sway. And though Finland's economy and society are Western, its foreign policy is one of head-down neutrality, ever careful not to antagonize Moscow.

Under Mikhail S. Gorbachev, the Soviet Union has built links to the stronger, non-Communist Finnish parties, diplomats say. When Prime Minister Nikolai I. Ryzhkov visited Helsinki in January, he held long sessions with Social Democrats but greeted the Communists only briefly. "De-Finlandization" has gone so far that Moscow has refused to speak out on the split in the



Arvo Aalto, leader of Finnish Communist Party, in Helsinki last week.

party, which it used to try to dominate. While visiting Helsinki last November, Yegor K. Ligachev, a Politburo official, said that while the rift may be "unfortunate," it was entirely a Finnish matter.

The Soviet coolness toward the party has undermined the Stalinist faction, in particular. "The Stalinists have lost their raison d'être because the Soviet Union is no longer interested in keeping that link under Gorbachev," a Finnish Government official said. The Stalinist splinter group, called the Democratic Alternative, lost six seats last week, leaving it with four members of Parliament. The main Communist Party did better, dropping one seat, to 16.

Arvo Aalto, the 54-year-old former bricklayer who heads the party, talks of the need to give communism a "Finnish face." "Our socialism must have a national character, coming from the struggle of the working classes in Finland," he said.

The Communists' problem is that the working class in Finland does not appear to be struggling much. Finland has been one of the striking economic success stories of the postwar era. It began far poorer than Sweden and, with steady growth, is now about even. Unskilled Finnish factory workers earn an average of nearly \$20,000 a year and industrial tradesmen, such as welders, often make twice that. Although the cost of living is high compared with the United States, Finland's national income by most estimates is among the most evenly distributed in the industrialized world. And it has the freest market economy in Scandinavia.

"There is no easy way to increase our appeal in Finland," Mr. Aalto acknowledged. He is critical of Finland's large banks and insurance companies, which own the controlling shares of major corporations, but, he is quick to say, "that doesn't necessarily mean nationalizing them." And Mr. Aalto's interpretation of the Communist goal of "industrial democracy" entails no radical changes. Instead, he talks of management's "giving workers a real say in the running of companies, not just handing out coffee and cake to act nice to them." At times, he sounds more like Peter Drucker and other gurus of business management than Karl Marx.



Lieut. Col. Mengistu Haile Mariam on a Soviet-style billboard in Addis Ababa.

The Nation

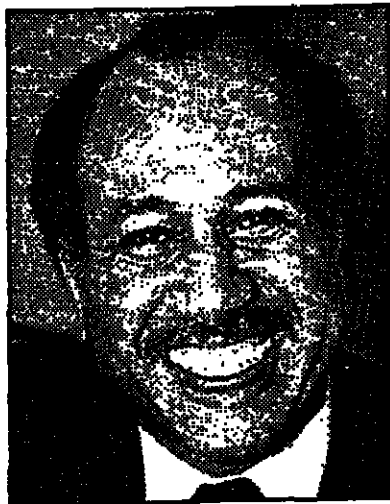
AIDS Treatment Wins the Approval Of Federal Agency

Deciding that the promise of prolonging the lives of some AIDS patients outweighs serious side effects, the Food and Drug Administration last week approved the use of the drug zidovudine, or AZT. A cure for acquired immune deficiency syndrome is not in sight, but AZT may offer many victims a shred of hope.

While AZT does not kill the AIDS virus, it impedes its ability to reproduce. While some AIDS patients have been harmed by the drug, tests have shown that months have been added to the lives of some of those suffering from a disease called pneumocystis carinii pneumonia. Other categories of patients also have been helped by AZT, and doctors hope clinical trials will further extend its reach.

At first the drug, which is available from the Burroughs Wellcome Company under the name Retrovir, will be in short supply and prescriptions limited to those who seem most likely to benefit. But by the end of the year, it is expected to become more widely available. It has been estimated that treatment will cost each patient more than \$8,000 a year, and the high price has become a matter of controversy.

Meanwhile, the Centers for Disease Control clarified its position on the need for blood transfusion recipients to get AIDS tests. While the Federal agency said physicians should consider recommending the tests for some people who received transfusions between 1978 and spring 1985, when mandatory screening virtually eliminated the virus from the blood supply, it emphasized that the chance that any single recipient had been infected was extremely slight.



Judge Alcee L. Hastings in St. Louis last week.

Impeachment of a Judge Suggested

"Be assured that I'm going to be a judge for life," Federal District Judge Alcee L. Hastings told reporters in 1983, after a Miami jury acquitted him of conspiring to solicit a \$150,000 bribe from two racketeers. Now he is facing an attempt to remove him from the bench under a 1980 law providing self-policing procedures for Federal judges.

After a three-year investigation of a complaint by two fellow judges, a special five-member judicial panel concluded Judge Hastings was in fact guilty and had lied in his defense testimony. The Judicial Conference of the United States, the chief policymaking body of the Federal judiciary, told Congress last week that "consideration of impeachment may be warranted."

The House Judiciary Subcommittee on Criminal Justice will review

the report, which has not been made public. But some subcommittee members have already expressed serious doubts about the idea of impeaching a man on charges derived from a case in which a jury had found him not guilty.

Like the lawyer convicted of actually soliciting the bribe, Judge Hastings has consistently averred that he knew nothing of it and that he returned seized property to the racketeers not in exchange for the money but as part of normal legal proceedings. Judge Hastings, who is black, said that the judges' secret inquiry was "infected" by racism.

Japan Kept Out Of U.S. Chips

Whoever corners the world semiconductor market controls the engines of the information age. So much is at stake, in fact, that the Reagan Administration is apparently willing to shield the American makers of computer chips at the expense of bending its free market principles.

Last week, yielding to strong pressure from top Government officials, the parent company of Fairchild Semiconductor Corporation, a Silicon Valley pioneer, announced that the sale of the subsidiary to Fujitsu Ltd., one of Japan's giant electronics companies, had been called off.

Defense Secretary Caspar W. Weinberger, Commerce Secretary Malcolm Baldrige and the Central Intelligence Agency had asked the White House to try to block the deal on national security grounds. Fairchild, owned by Schlumberger Ltd., a French-controlled company based in New York, makes advanced components for military equipment, missiles and supercomputers. But Federal officials conceded that the opposition also reflected growing trade frictions with Japan, which, they complained, has refused to buy American supercomputers and circumvented last year's agreement on the dumping of memory chips. Executives at Fairchild, which has suffered huge losses in an industrywide slump, criticized the Administration's role in scuttling the deal, saying that Fujitsu could help, not hinder, American high technology. The action would seem to discourage similar takeover moves by Japanese companies.

Martha A. Miles and Caroline Rand Herron

The Snarls in Washington Won't Slow the Pace on Empty Interstates

ALBUQUERQUE, N.M.

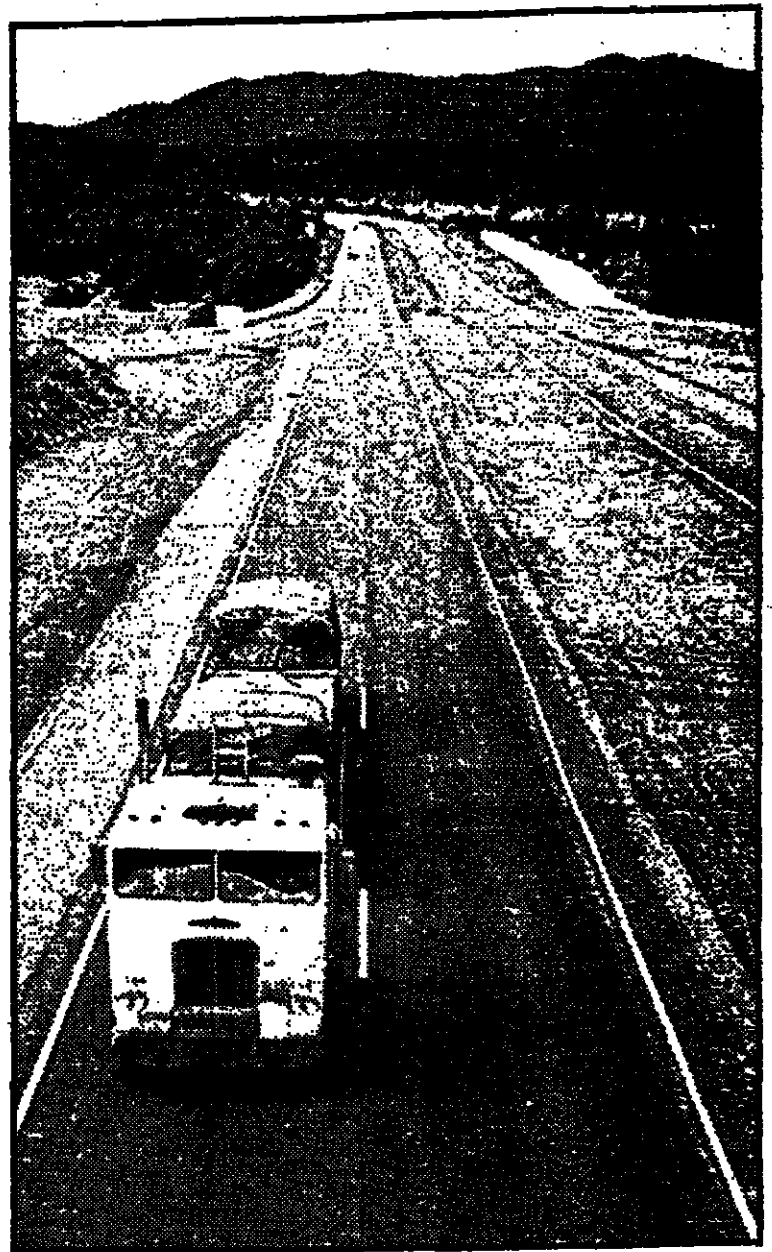
DENNIS Laird, a Texas produce hauler, said he would like a 65-mile-per-hour speed limit, but not so that he could drive faster. "I run 62 to 64 miles an hour," Mr. Laird said. "If the speed limit was 65, I'd be legal all the time. Not only do I consider other people's bones, I consider my own."

He was sitting in the cab of his truck, parked among 60 other tractor-trailer rigs at the Union 76 truck stop here at the crossing of Interstates 25 and 40. On such arrow-straight highways through vast, unpeopled spaces, truckers say, the 55-m.p.h. limit is a joke. Texas police don't bother speeding truckers, and in Arizona highway speeds approach the three-digit mark, according to Mr. Laird, who describes himself as a slow driver.

Last week in Washington, the House voted narrowly, and the Senate overwhelmingly, to let states set 65-m.p.h. speed limits on rural stretches of the Interstates. But the measure was attached to a \$87.9 billion highway bill that President Reagan said he would veto for "excessive spending," despite his opposition to the national speed limit.

Billions of dollars for mass transit and special highway projects were included in the bill to break a year-long stalemate, partly due to urban legislators' strong opposition to the higher speed limit demanded by West-coasters. Congress is under intense pressure to get the highway money out to the states before spring construction projects are delayed.

If the speed-limit change does become law this time, it would affect 33,910 miles — 947 of them in New Mexico — of the 43,291-mile Interstate system.



Light traffic last week on Interstate 25 between Albuquerque and Santa Fe, N.M.

John Fenner, the Chief of Traffic Safety for the New Mexico Department of Transportation, said he expected that drivers would regularly exceed the new limit, even as they break 55 m.p.h. now. Especially worrisome, he said, is the prospect of drivers' carrying the higher speed over to two-lane rural roads, where most traffic deaths occur. The state's fatality rate is

the highest in the nation; it was 4.1 deaths per 100 million vehicle-miles in 1985. The national average was 2.8 deaths.

Capt. Tommy Holder, the commander of the State Police's Albuquerque District, said that on the 350-mile stretch of Interstate 40 in the state, "you could write tickets all day long with 100 policemen." He has 33.

CATHERINE C. ROBBINS

He Would Accept, Some Say, if Asked Nicely

Can Fed Count on A Volcker 3d Term?

By ROBERT D. HERSHEY Jr.

WASHINGTON
IF it is true that political success ultimately rests on pocketbook issues, the last two years of Ronald Reagan's Presidency may be judged by what the new White House team decides to do about Paul A. Volcker, whose four-year term as chairman of the Federal Reserve expires Aug. 6.

Will Mr. Volcker, a nominal Democrat whom conservatives have never completely trusted, be asked to stay on to guide the \$4.2 trillion American economy and grapple with such international problems as third world debt? And, if so, will Mr. Volcker, nearing 60 and at \$88,500 a year one of the more underpaid people in Washington, agree to stay? As it was before President Reagan reappointed him to a second term in 1983 — he was first appointed by President Carter in 1979 — speculation about whether Mr. Volcker will remain is intense.

Until Howard H. Baker Jr. replaced Donald T. Regan as White House chief of staff, the view in Washington and on Wall Street was that the Fed chief, no favorite with Mr. Regan, felt he would not be reappointed. Well aware that his reputation as inflation slayer and crisis manager is little short of heroic, Mr. Volcker, it was said, had begun to ponder his many private-sector options.

Friends and colleagues, in fact, got the clear impression of a man resigned to the loss of a job he clearly relishes, but hardly dependent about it. As chairman, he manages only weekends with his wife, Barbara, a victim of arthritis and diabetes who has not moved to Washington from the Volckers' Manhattan apartment.

Indeed, Mr. Volcker himself, in his only public comment on the subject, was quoted in The Washingtonian magazine this month as declaring that another term "ain't my life's ambition."

Mr. Volcker added: "I wouldn't be spending any money if I wasn't in this job anyway. What worries me is that I'm not getting any younger. It ain't quite fair to leave a family sitting out there — well, you obviously have the possibility of assuring a little more comfort than I have done so far."

But the odds seem to have shifted. Many observers now view Mr. Volcker's hints of leaving as a bit of a cat-and-mouse game. He is willing to stay, they say, provided he is asked to do so by the President himself in an emphatic, appreciative way.

Mr. Volcker is the only non-Reagan appointee among the seven central bank governors, who serve 14-year terms. But there has been little confrontation between the chair-



Paul A. Volcker, chairman of the Federal Reserve.

man and the Reagan appointees, some of whom are considerably more anti-inflationist than first believed. And the chairman continues to dominate the Federal Open Market Committee, which is mainly responsible for making of monetary policy. Many of the presidents of Fed regional banks on this 12-member panel are like-minded — and also indebted to Mr. Volcker for their jobs.

Like William McChesney Martin and Arthur F. Burns before him, Mr. Volcker has come to be regarded as nearly indispensable. Some Congressmen complain that for all the tight-money policies that Mr. Volcker used to wring out the double-digit inflation of the late 1970's and early 1980's, at the cost of the worst recession since the Great Depression, the central bank is now printing money at a recklessly rapid pace. But even they routinely praise him and urge reappointment.

A High-Impact Decision

Once described as a crotchety uncle lecturing spendthrift children, Mr. Volcker is clearly a monetary conservative. But supply-side Republicans think that he is overly willing to sacrifice economic growth for the sake of suppressing inflation. They and others also think his mindset is too much that of a regulator when dealing with supervisory issues involving banks.

Thus, a decision to replace the man whom some call history's most successful central banker would have high impact. Among the most plausible successors, most observers agree, are E. Gerald Corrigan, president of the New York Fed; Board Vice Chairman Manuel H. Johnson; Deputy Secretary of State John C. Whitehead, and Alan Green-

span, the economist.

But Mr. Volcker commands a unique respect abroad, at a time when third world debt has again become a pressing problem and when the United States needs to keep the dollar strong enough to attract each week some \$2 billion of foreign savings to finance its budget deficit.

Indeed, it was fear of a renewed crisis among the developing world's borrowers that was reported to have finally swung President Reagan to the side of reappointment last time, over aides' arguments that Mr. Volcker's willingness to risk recession to combat inflation could jeopardize Republicans' chances in the 1984 elections. Those borrowers owed more than \$800 billion then. They now owe more than \$1 trillion.

Some friends think that huge budget and trade deficits, slow growth and the potential for revived inflation will eventually catch up with the nation, and that Mr. Volcker might want to quit while ahead, reputation intact. The gross national product inched up only 2.5 percent in 1986. That is the slowest since the last recession. Meanwhile, the most recent reports on inflation have confirmed economists' expectations of an increase to around 4 percent this year.

But the head of a major New York bank says that Mrs. Volcker told him she thinks her husband, who before taking the chairmanship was president of the New York Fed at a much higher salary, is too committed to his present job to succumb to the blandishments of the private sector. A former Fed official concurred. The Administration will have to extend an invitation that's nicely worded, he said, "but if he gets it, he'll stay."

Critics Accuse E.P.A. of Laxity

PCB's, Long Banned, Prove Hard to Banish

By PHILIP SHABECOFF

WASHINGTON
THE debate that led to the outlawing of PCB's more than a decade ago, Representative Gilbert Gude called this chemical "the mad dog of the environment." Since then, however, it has seemed more like Hydra, the monster that grew two heads for every one Hercules cut off.

Most recently, heads of the PCB monster have appeared along the Texas Eastern Gas Pipeline, running from Texas through New Jersey. The pipeline company disposed of compressor wastes containing the chemical at some 60 sites; one, near West Amwell, N.J., may have contaminated drinking-water wells. The Environmental Protection Agency, which was criticized by several senators last week for having "sat on its hands for 18 months," as Senator Frank R. Lautenberg of New Jersey put it, is checking for PCB wastes along 11 other interstate gas pipelines.

The pipeline contamination is only the latest of a series since the safe disposal of PCB's, or polychlorinated biphenyls, was mandated by the Toxic Substances Control Act of 1976. Dumped for many years into the Hudson River by General Electric Company plants, the chemicals continue to contaminate the flesh of aquatic life; commercial fishing in the river and nearby waters is banned. In 1978, a waste chemical company illegally dumped 33,000 gallons of oil contaminated with PCB's along 210 miles of roads in North Carolina. In 1979, thousands of chickens were destroyed after their feed was contaminated by PCB's leaking from a transformer in Billings, Montana.

John A. Moore, Assistant Administrator of the E.P.A. for pesticides and toxic substances, says the process of ridding the environment of PCB's "will be measured in decades." "Don't forget," he said, "until we recognized the danger and moved as a country against PCB's, billions of pounds were produced."

In fact, an estimated 1.25 billion pounds of PCB's were produced in this country, mostly by the Monsanto Company, from 1929 until the toxic substances law took effect in 1973. The law did not require the immediate disposal of all products containing the chemical; that would have caused havoc. Because of its chemical stability, low flammability and low conductivity, PCB's were universally used in electrical capacitors and transformers, including many still on utility poles around the country. It was also used for many other purposes, including paint plasticizers, dye carriers, adhesives, carbonless carbon paper and pipeline lubricants.

Between 500 million and 750 million pounds of the chemicals are in products currently in use, and Government regulators know pretty much where they are and how they should be regulated. But "almost by definition, we don't know where the stuff is that was improperly disposed of before the law was passed," said Dr. Moore.

In the environment, PCB's do not break down for decades. They accumulate in fatty tissue; nearly all Americans have PCB's in their bodies, in most cases at levels now thought harmless. The levels have gone down in recent years, but only slightly. Laboratory tests on animals have indicated that PCB's can cause cancer. They are known to cause liver damage, gastric disorders, damage to the reproductive system and other health problems. This month New York began investigating whether the chemical caused or contributed to the cancer deaths of three state employees who had helped dredge PCB-contaminated sediment from the Hudson in 1974 and 1975.

The chemical industry believes the hazards of PCB's "have been exaggerated out of proportion," according to John H. Craddock, environmental safety director for Monsanto and chairman of the Chemical Manufacturers' Association's PCB programs group. But the industry, he said, is working with environmental groups and the E.P.A. to develop new rules for safe handling of the chemical.

Dr. Moore does not think the E.P.A. should engage in "heroic measures" such as cleaning up the Hudson — a move New York State is considering, at an estimated cost of \$26.7 million. For one thing, Dr. Moore says, that could cause even worse environmental problems; for another, "it would not be the wisest investment of our resources. There are a lot more pressing problems, like asbestos in the schools."



Texas Eastern Gas Pipeline pumping station where PCB-contaminated oil was buried, near Delmont, Pa.

Nicaragua Relives Its Yankee Past With Making of 'Walker' Film

By STEPHEN KINZER

THIS GRACEFUL AND dignified city, founded in 1524, is the only place in Nicaragua where one feels in touch with Latin America's colonial past. Sculpted iron balconies protrude from whitewashed buildings, and strong cedar beams support elegant churches. The Spanish-style central plaza is as stately as any in the hemisphere. Dominating the plaza is the enormous building that once housed the Granada Social Club, which in bygone days was the gathering place for Nicaragua's highest society.

The building came into Government hands following the Sandinista takeover in 1979, and today it is being used as headquarters for an international crew making what its American backers hope will be a film that profoundly influences perceptions of Nicaragua in the United States.

Downstairs, in what was once a private salon beside the vast marble

Cox says he is in Nicaragua to make a statement against United States policy in Central America.

dance floor, seamstresses are making costumes and carpenters are building sets. Upstairs, the film's British-born director, Alex Cox, whose credits include "Repo Man" and "Sid and Nancy," works on storyboards when not consulting with the Americans, Britons, Spaniards, Mexicans and Nicaraguans with whom he works.

Mr. Cox is in Nicaragua, he says, to make a statement against United States policy in Central America, specifically its support for Nicaraguan rebels, the contras. "The U.S. Government, with the support of my own Government, is aiding and abetting a stupid, pointless massacre of people who don't mean them any harm at all," he said during a break. "We are responsible for this. It's our tax dollars."



William Walker—a man of many contradictions.

Man With a Mission

William Walker was the most famous person in the United States in the years before the Civil War. His exploits in Central America made him the object of adulation in a supremely self-confident nation convinced that its destiny was to dominate the Western Hemisphere. Yet he met an ignominious end and is now forgotten by his countrymen and reviled by the Central Americans he sought to save from despotism.

Born in Nashville in 1824, Walker as a youth gave little indication that he would one day become the "gray-eyed man of destiny" who would electrify millions of Americans hungry for swashbuckling

romantic heroes. Following the death of his fiancée, however, Walker seemed to lose his bearings. He moved to California and became caught up in the fervor of Manifest Destiny. On a spring morning in 1853, he and a small band of men set out to conquer Nicaragua and the rest of Central America. In Nicaragua, conservative and liberal political factions were at war. Skillfully inserting himself into their conflict, Walker managed to seize power for himself and was sworn in as Nicaragua's president in 1857. But Central American armies soon united to overthrow him, and in 1860, at the age of 36, he was executed in Honduras.

—S.K.

No similar project has received such support in the eight years of Sandinista rule.

But Mr. Cox's film is not set in contemporary Nicaragua. It is instead based on the figure of William Walker, a 19th-century adventurer born in Tennessee, who led a force of Americans to Nicaragua, took over the country and was inaugurated president before finally being executed by firing squad. Though Walker is at best a footnote in most textbooks used in the United States, he is a major figure in Central American history. In Nicaragua, he is portrayed as the epitome of the thoughtlessly brutal Yankee who wreaks destruction under the illusion that he is spreading democracy.

Nicaraguan officials reviewed the script before giving permission for filming; and representatives of the state-run Nicaraguan Cinema Institute are working closely with the film makers. All involved share a view that United States policy toward Nicaragua is fundamentally immoral, and the film was conceived in part to express that view.

The film is scheduled for release late this year, perhaps around the same time Congress considers a crucial new Administration request for aid to the contras. It will be called "Walker," and the actor who plays the title role, Ed Harris, appears in almost every scene. Mr. Harris played John Glenn in "The Right Stuff," and his other credits include "Alamo Bay" and "A Flash of Green." Like the director and many others involved in the project, Mr. Harris is working for a substantially reduced fee because he agrees with its political perspective. Thanks largely to that, the budget for the film is being held to a relatively modest \$6 million or \$7 million.

Mr. Harris is sandy-haired and short, like Walker, and he projects a kind of quiet authority that historians associate with the visionary commander. "It's a fascinating story and a great character," Mr. Harris said before shooting began. "It's a great chance for me to do something very

interesting. Walker came down here in the name of democracy, without any understanding of this country or its history or social customs. Comparing that to what's happening today, I have a small suspicion there is a point to be made. Hopefully people who see the movie will enjoy the ride, and by the end they will have been hit by something that causes them to think."

Mr. Cox, recognizable by his shock of red hair and drooping mustache, has a reputation for originality, and "Walker" is planned to be very unlike conventional historical drama. The script, written by Andy Wurlitzer, who also wrote "Two Lane Blacktop" and "Pat Garrett and Billy the Kid," is full of quirky time warps and striking juxtapositions that compare Walker's quixotic crusade to the Reagan Administration's current campaign against the Sandinista Government. "I hope we can play it straight," said Mr. Harris, "but there are certain situations, certain lines where if the audience is not laughing, they're not getting it. It's written to make people laugh."

The film's producer, Ed Pressman, is also producing "Wall Street," the forthcoming film by Oliver Stone, who wrote and directed the highly praised "Platoon." Mr. Pressman hopes "Walker," which will be distributed by Universal, will have an impact comparable to that of "Platoon." "To me, 'Platoon' showed that films that are engaged and related to political issues of the day, that are not simply escapist, can be popular," Mr. Pressman said by telephone from New York. "Walker" could be the first film about Central America to really command a wide audience. That certainly is our ambition."

Filming began last week and is scheduled to continue until the end of April. But in Nicaragua, preparations have been under way for many months. The country has never been host to a film production of this magnitude, and the number of details to be resolved is overwhelming. Mr. Cox is quick to admit that the entire project would be impossible without

Cox has a reputation for originality, and 'Walker' is planned to be very unlike conventional historical drama.

the unreserved cooperation of the Sandinista Government. The Sandinistas have good reason to help. "If this film penetrates the commercial market in the United States," said Nicaraguan Vice President Sergio Ramirez, who read and approved the script last year, "it is going to open some eyes and change some minds."

Perhaps no nongovernmental project in the eight years of Sandinista rule in Nicaragua has been as fully supported by the Government as the production of "Walker." When set designers asked that telephone poles in central Granada be removed, the poles were removed. When helicopters and explosives were needed, the army agreed to provide them. In a country where the distribution of wood is tightly controlled by the Government, 15,000 sheets of plywood and tons of planking are being assigned to the production—an order big enough to keep three lumber yards in Granada and a fourth in Managua fully occupied. Much of the wood will ultimately be destroyed when film makers re-create the burning of Granada, one of Walker's most famous deeds.

The man coordinating Nicaraguan cooperation with the makers of "Walker" is Carlos Alvarez, a Chilean-born official of the Nicaraguan Cinema Institute. He is among scores of Nicaraguan technicians, cameramen, set designers and other professionals whom Mr. Cox has brought into his crew. Mr. Alvarez recently invited a visitor to the lovely shaded cove of Asese, near Granada, where

Mexican carpenters are supervising the construction of a waterfront town that will be used to portray San Francisco, the place where Walker and his 58 "immortals"—as the popular press in the United States called them—embarked for Nicaragua in 1853. An old cargo vessel is being turned into a model of Walker's ship, the Vesta.

"Before deciding to cooperate with the making of this film," Mr. Alvarez

and absurd it is to think of an American invasion of Nicaragua."

Walker was a highly complex character, and both Mr. Harris and Mr. Cox appear anxious to portray him with all his contradictions. He was a dedicated newspaper editor and

changed, and he became "melancholy, occasionally almost paranoid in his behavior, and obsessed with a longing for reckless and daring action regardless of the consequences." Ellen Martin, who was hearing impaired, will be played in the film by Marlee Matlin, an Academy Award nominee for her starring role in



Alex Cox, the director, with his star, Ed Harris, on location in Nicaragua—making a statement about United States policy in Central America.

said, "we assessed the script from a political and esthetic perspective. Walker is a very controversial personality, and it was important that history be told in a correct way. In this film, you don't find backward Central Americans who cower in the face of Rambo-type fighters. You come to understand how ridiculous

idealistic lawyer who considered a political career and yearned for a life of quiet domesticity. But something snapped inside Walker when the only woman he ever loved, Ellen Martin, died in New Orleans during a cholera epidemic in 1849. According to one biographer, Walker's "quiet, serious, gentle and kind" nature quickly

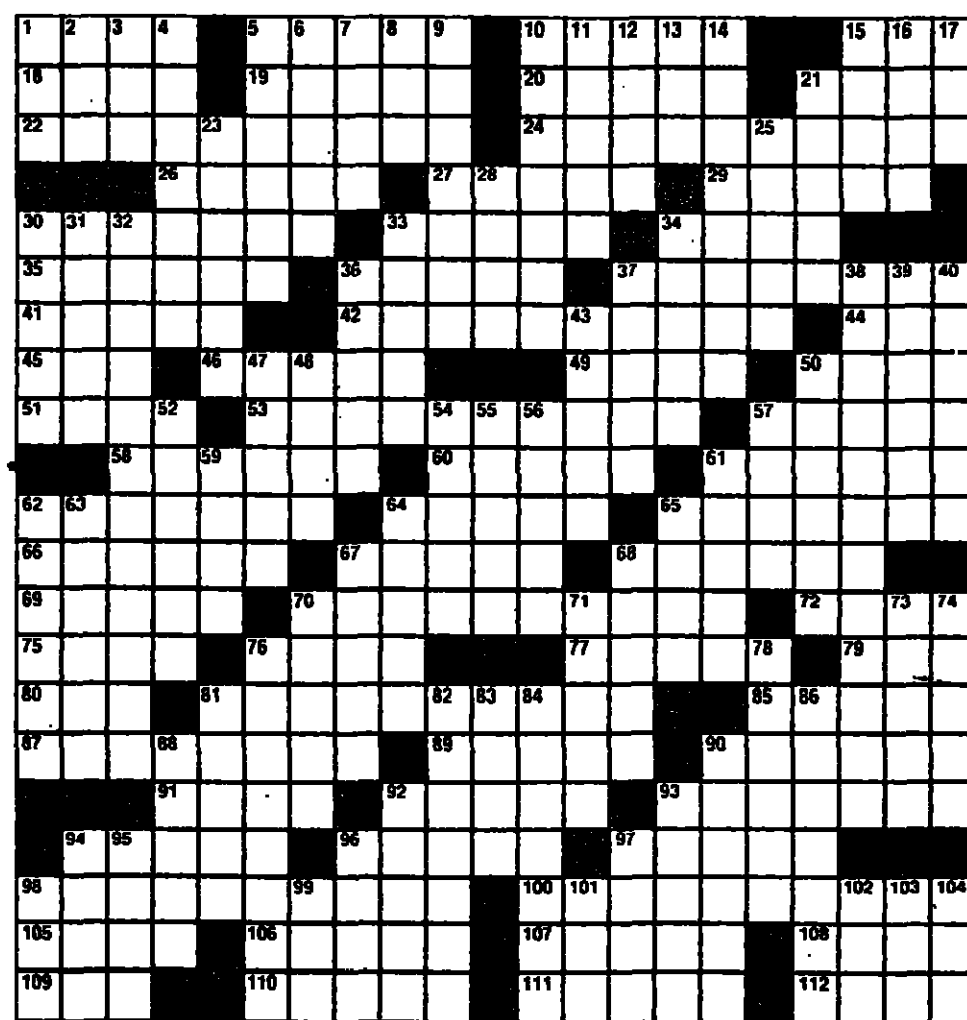
"Children of a Lesser God." "Walker was a guy who was completely out of touch with reality, who thought he was acting on Christian principles but who blinded himself to the fact that he was slaughtering the people he came here to regenerate," Mr. Cox said. "That's something to think about."

Numbers Game

BY ERNST THEIMER/Puzzles Edited by Eugene T. Maleska

ACROSS

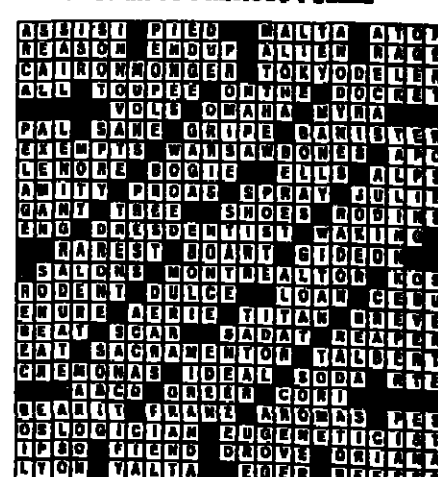
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- 10 A CUBE HAS SIX
- 15 STUDY
- 18 Path
- 19 Proportion
- 20 \$100 bill
- 21 Powerful shark
- 22 Throne
- 23 Relinquishers
- 24 99 LEAGUES
- 26 Errand boy
- 27 Chaucer
- 28 Outward
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- 66 Some relatives
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- 70 Spins logs
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- 95 —TIME (IMMEDIATELY)
- 96 Golconda
- 97 Fencing weapon
- 98 Massage
- 99 MOUNTAIN PASS
- 101 Unit of conductance
- 102 Gat
- 103 Charged particle
- 104 Turkish weight

ANSWER TO PREVIOUS PUZZLE



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Lessons Mr. Reagan Hasn't Learned

Anyone wondering whether Ronald Reagan is physically fit, reasonably alert and well attended by his new White House team can take some reassurance from his recent news conference. Anyone hoping for enlightenment on the Iran-contra scandal has to be disappointed. His stance remains one of self-mystification. No amount of questions from an eager press corps could change that — or will.

Mr. Reagan has passed the test of an Oval Office speech and he has withstood half an hour of reporter queries. Even so, there were jarring shortcomings, three lessons apparently not learned from his, and the nation's, ordeal.

□ He hasn't learned that good management does not mean no management. He clings to the clichés: "You get the best people you can do a job. Then you don't hang over their shoulder. . . . You set the policy . . . and the only time you move is if the evidence is incontrovertible that they are not following policy or they have gone down a road in which they're not achieving what we want."

Mr. Reagan, breaking his own first rule, didn't get the best people. Then he delegated authority to them so fully that he didn't even know which agency, the C.I.A. or his security council staff, was running the Iran deals. And what management expert prescribes waiting for "incontrovertible evidence" of failure before changing subordinates? Only nominally did the President display understanding of the Tower Commission judgment that Iran-contra was a case study in bad management.

□ Unbelievably, he hasn't fully learned that he was in fact trading arms for hostages. Explanation? He sold arms to Iranian middlemen and didn't deal directly with the kidnappers in Beirut. Even this curious response does no justice to emerging evidence that profits from the arms sales were deposited in the kidnappers' Swiss bank account in payment of room and board for the hostages.

□ He's forgotten his own hard-learned policy on dealing with terrorists over hostages. Although he says he would not travel the same road again, he adds: "I happen to believe that when an American citizen, any place in the world, is unjustly denied their constitutional rights to life, liberty and the pursuit of happiness, it is the responsibility of this Government to restore those rights." Is this not an invitation to bargain with the terrorists? Does it not fly in the face of warnings to American citizens not to expect help from Washington if they journey into the world's danger spots?

On, then, to other news conferences, and more of them. Awkward as they are, they're better than those shouted questions on helicopter runways. On to other issues as well, while not ignoring Iran-contra. The Congressional committees and the independent counsel move ahead smartly with their investigations. Answers will have to be sought from those quarters since President Reagan cannot or will not shed light on the matter himself. But he can bring some better light to bear on his policies toward management and terrorists.

Listening to the Message From Europe

The Soviet Union is churning with change, the United States is hobbled by scandal, and Europe's leaders are itching. They see important possibilities in Mikhail Gorbachev's reforms. They worry over losing opportunities and American unresponsiveness, as well as over some U.S. policies they dislike. Too often the Reagan Administration has dismissed them as overreager to court Russian favor. But Europeans have some thoughtful things to say.

Europe has simmered for years over American gyrations and flip-flops in East-West relations. Early Reagan "evil empire" talk exacerbated divisions between Washington and European leaders. They, unlike Americans, have no trouble with combining cooperative and adversarial relations. Lack of progress on arms control when Moscow seemed forthcoming confounded them. So, more recently, did U.S. abandonment of the second strategic arms treaty. The Strategic Defense Initiative, viewed in Europe as unpromising, increased alliance friction, as did Administration threats to reinterpret the Antiballistic Missile Treaty.

Then came the jolt of Reykjavik. Mr. Reagan's proposal to eliminate ballistic missiles undercut 40 years of alliance strategy with nary a breath of consultation. By the time the Pentagon began to talk of

early deployment of the S.D.I., European leaders were already sounding uncommonly unanimous in their displeasure. No wonder some balk, for the moment, at the potential U.S.-Soviet deal to eliminate medium-range missiles in Europe.

America needs to show Europe that it's listening. European leaders don't want to be taken for granted on security issues. In such key countries as West Germany and Italy, pro-Atlantic governmental coalitions are in power by not much more than 50 percent majorities. Leftist parties in those countries and Britain are moving ever further from traditional NATO principles. And polls show a majority of Europeans believing that Mr. Gorbachev has done more for arms control than Mr. Reagan.

Western Europe is not about to cut its security ties to the United States. But the ferment within the alliance is real, and ranges from economic issues and strategies on terrorism to interventions in third world conflicts, as well as security issues. The differences cannot be readily papered over, but they can be managed with far greater skill. The alliance is changing, whether all its members approve or not. Washington's failure to listen and to play a leadership role won't send Europe into Moscow's arms. But it will drive the allies further apart.

The Story in Stones

One year ago a rich man's widow died in Paris. A few days later she was buried outside London, beside her husband. The funeral services were brief. So were the death notices. The Duchess of Windsor — elderly, only sporadically alert — had outlived her newsworthiness.

Last week, however, the image of a muddled old lady was effaced by a more enduring one: a well-dressed, wisecracking 40-year-old who, two husbands behind her, got Prince Charming on the third try. King Charming, to be exact. The jewelry he'd given her was on display at an auction gallery, and to see it was to remember that once they'd starred in something called "the love story of the century."

Some of those who queued in New York City for a glimpse of jeweled panthers, ruby hoops, a knuckle-dusting diamond were old enough to have heard him tell the world she was worth more to him than the throne of England. Others were too young to have heard of any royals beyond Di and Fergie. All of them got a lesson in love and money.

A gold charm bracelet, for instance, commemorates a week at Ascot . . . a month on the Mediterranean . . . her flight, pursued by reporters, from London to Cannes. An enormous diamond and sapphire cuff celebrates their wedding; an emerald, ruby and diamond brooch, their 20th anniversary. A gold, emerald and diamond pendant memorializes their cairn terrier. Rivers of rubies, ropes of pearls evoke hundreds of nightclubs and charity balls.

There is simpler stuff, too, like the wedding ring he gave her, along with the two from her previous husbands, and her mother's. Then there is the silver cigarette case — "David from Mama, Xmas 1913" the inscription reads — he got at 19; the silver tankard his grandparents gave him for his confirmation, and the gold snuffbox one brother gave him on his marriage, "With best love and all good wishes."

That simpler stuff is the kind most families would hate to see in strangers' hands, but that, of course, is where it is going. Perhaps that is why neither of the books they wrote about themselves is as moving as the biography on display last week.

The Worm and the Apple

Productivity Gains

Trash Triumph

Six years ago, New York City won work rule changes permitting the Sanitation Department to use collection trucks with two workers instead of three. The conversion, now complete, has produced gratifying gains in productivity and efficiency — warranting apples all around for the department's managers and workers.

In exchange for the freedom to use smaller crews, the city agreed to share savings with the workers in the form of incentive payments. As a result, collection jobs, once thought undesirable, are now highly sought after. Yet the city still saves \$37 million a year.

The productivity figures are impressive. During 1986, the first year of all two-person crews, 2,620 workers collected 3.5 million tons of garbage. In 1983, it took 2,900 workers to collect 3.3 million tons. The quality and reliability of service also improved. Only about 2 percent of loads go uncollected during a normal week, compared with more than 5 percent in 1983.

Larger collection trucks have also helped. The new trucks allow workers to stay out longer on collection routes, cutting down on trips to the city dumps. Most are equipped with low-entry cabs that save time and steps for drivers who now double as collectors. The two-person crews bear witness to the value of reforming work rules



fairly. What a benign bargain when management, workers and the public all come out ahead.

Appetizing Street

West 46th Street between Eighth and Ninth Avenues, known as Restaurant Row for its variety of high-class bistros and cafes lining both sides, has long been one of New York City's better blocks. Now it's better still, thanks to a handsome street renovation that earns an apple for the city's Department of Transportation.

The renovation, which extends to 10th Avenue, includes cast-iron lampposts, gray granite curbs and new trees. To better accommodate pedestrian crowds of Broadway theatergoers, the roadway has been narrowed, permitting wider sidewalks. Special loading zones have been carved out for trucks and taxis. The plan increases pedestrian space without crippling traffic.

The \$2 million renovation, done two months ahead of schedule, inaugurates a welcome program to transform routine street reconstructions into neighborhood improvements. Officials say that amenities like wider sidewalks and historic replica street lights add only about 5 percent to the cost. As 46th Street demonstrates, they add much more to the city's quality of life.

Letters

Where Deadly Force Became Rare

To the Editor:

"Why Can't They Shoot Just to Wound?" (Week in Review, March 8) compels my comment on both its direct and implied thrust.

I was a police officer with the New York City Police Department for 26 years before becoming Chief of Police in Birmingham, Ala., in 1981. Upon assuming command, we found that a "John Wayne" syndrome and a propensity to use firearms by some officers had been having an unfavorable impact on the entire community. Immediate steps were taken to correct inordinate, sometimes illegal, use of firearms, and when viable alternatives to deadly force were mandated, there were dramatic improvements.

Every officer in my department was issued and carries a canister of mace, pushing the need to use deadly force farther down the ladder of necessity. Safety nets (to restrain the violent) are kept at key locations for immediate use, while hours of baton training are stressed, so that in time of need an attacker can be temporarily disabled rather than shot.

Psychiatrists were brought in from the University of Alabama, and the members of our department were counseled and taught to use weapons that in many circumstances could be more powerful than a .38 caliber revolver — their blue uniform, shield of authority and a professional demeanor. I learned these tools as a rookie officer working the canyons of New York City. They were never mentioned at the Police Academy, but should have been, for a well-trained officer who is properly motivated can defuse most situations through a professional approach and command behavior.

Now, almost six years later, the use of firearms by Birmingham police officers is virtually nonexistent, while our original shooting policy (which disallows shooting at fleeing miscreants) is now the law of the land. Most important, in that same period, crime in Birmingham was significantly reduced from its all-time highs.

As a detective commander in New York City, I had to use my firearm on occasion and do not intend to imply that there will never be justification

for future discharges — our current society dictates otherwise. But police shootings such as those of the street vendor Nicholas A. Bartlett and Eleanor Bumpurs, shot in the course of her attempted eviction, can be driven to their irreducible minimum.

I do not write to second-guess a fine department or to denigrate the officers who must make the split-second decisions, for no one has all the answers. But I do contend that there is a better way, and that modern-day policing demands that unusual but proved approaches be adopted. Reaching for a gun as a trained first reaction by a police officer is as outmoded as the dogs and fire hoses of my predecessor, Bull Connor.

Our reduction in the use of firearms and the concomitant loss of fear of the police by the citizens of Birmingham (who are 56 percent black) has resulted in a recommendation by



David Levinson

the community for a Presidential citation. That citation in itself is not important; what is important is that the diverse communities of our nation can be patrolled by police officers who have been given all the necessary tools and training so that the questionable use of deadly force by the police becomes a rarity — a rarity that is now the norm in Birmingham.

ARTHUR V. DEUTSCH
Chief of Police
Birmingham, Ala., March 10, 1987

Sin in Pollard Case Was Its Discovery

To the Editor:

"The Pollard Consequences" by William Safire (column, March 9) seems simplistically mischievous. The foreign relations of every nation are based on policies whose formulation and reformulation depend on current information about a constantly changing world situation.

In a recent television interview, Secretary of Defense Caspar Weinberger pointed out that the interests of the United States and those of Israel are not identical even though the two nations are very closely aligned. He also indicated that Jonathan Jay Pollard had divulged a massive quantity of data to the prejudice of our interests.

It is reasonable to assume that the more information any nation has, the better it can make its foreign policy decisions. Thus, while it is in the best interests of the United States to withhold certain information from Israel and other friendly nations, it is in their best interests to have that information. Conversely, it is in their best interests to withhold certain information and of the United States to obtain it.

We can only conclude that clandestine gathering of information in this country is conducted by friendly as well as unfriendly and unaligned nations and clandestine gathering of information by the Central Intelligence Agency abroad is no different. It would be naïve to suppose that Jonathan Pollard was the only source of information in this country enlisted by Israel and other friendly nations. Thus the Pollard affair is scandalous because of discovery, not rarity.

If the C.I.A.'s clandestine activities in friendly nations are on a higher moral plane in procuring secret information than the activities of our friends in our own country, then the C.I.A. is remiss. The world in which we live does not allow self-indulgence in such niceties. On the other hand, if we are doing what we should be doing, it is hypocritical to castigate Israel because Jonathan Pollard was discovered.

E. G. BLUMNER
White Plains, March 11, 1987

Passport Restrictions In a Free Country

To the Editor:

I think the law that gives Secretary of State George P. Shultz the authority to restrict the use of passports, under which he has invalidated United States passports for travel to Lebanon (front page, Jan. 29), is a poor one and exercised mistakenly here.

Historically, the passport merely gave the bearer the official assistance of the issuing government for travel. The Government now wishes to transform the passport into a permit for travel by citizens. Such a permit system was, I thought, characteristic of the way Communist countries and other dictatorships control the travels of their citizens.

This law suggests that United States citizens are the property or creatures of their Government — that the Government and not the citizen is entitled to make decisions about his safety. That the Government and not the citizen decides whom the citizen should speak with, where he should travel, what he should do and see.

This action seems to me a blatant attempt to mold domestic political opinion. In this case, the stated goal may be laudatory: the prevention of kidnappings. But kidnappings can occur anywhere, not simply in Lebanon. If Americans wish to be foolish in their travels they should be allowed to do so. Attempting to forbid them such folly is unwise and has very unhappy implications for our claim to be free citizens of a free country.

I believe that a simple statement withdrawing passport protection from citizens in Lebanon would suffice. Attempting to forbid travel to Lebanon is unwise and unworthy of this Government.

MARC W. SUFFERN 2D
New Hampton, N.Y., March 12, 1987

Let's Stop Posturing and Get Back to Work

To the Editor:

The trade bill before Congress is essentially an attempt to escape economic reality by abusing our waning political strength. Even though we Americans are performing poorly as an economic competitor — especially in our manufacturing industries — we continue to hold the whip hand psychologically and politically over our Japanese and European allies and trading partners. They are more dependent on us than we are on them. We guarantee their military security. Economic troubles for the U.S. mean greater economic troubles for our allies and trading partners. If we decide to damage our own economy with protectionist legislation, they will suffer more than we will.

Although growing numbers of Americans, including many lawmakers, realize we must renovate our economy and perhaps our entire society to make ourselves more productive and competitive, we fail to do so. Instead, we find it easier to use our political clout to threaten and bully our allies and trading partners with trade bills than to make the necessary reforms at home.

It is patently absurd, for instance, to argue that our \$58 billion trade deficit with Japan will go away or that our industries will revive if we can just force the Japanese to do away with the few remaining restrictions on the import of American grapefruits, medical equipment or car telephones. Even if the Japanese were to comply with all our trade demands, it would amount to less than \$5 billion of business — less than 10 percent of our deficit with them.

It is time to stop deluding ourselves about why our manufacturing industries are in decline, why our exports

are weak and why we import such an embarrassing volume of steel, cars, chips and other electronics. It is time to stop deluding ourselves with talk about the postindustrial age and get back to work in our factories producing high-quality, competitively priced goods. We are still in the industrial age, and if we want to have prosperity, we have got to produce the goods. *MARTIN E. WEINSTEIN*
Urbana, Ill., March 13, 1987

The writer is professor of international politics and Japanese politics at the University of Illinois.

Sailors, Not Missiles

To the Editor:

Under this Administration, the Russians have become so many strategic nuclear arms, intermediate nuclear forces and tactical nuclear weapons. But when a Soviet freighter goes awash in a gale off our shores, the Russians become three women crew members, one with an infant, and 33 men crew members, including the skipper who is among the last to be plucked from the sinking ship by Coast Guard helicopters in a daring rescue effort.

Shortly, resting on makeshift cots and benches, the Russians are eating ham and cheese sandwiches, and drinking milk, hot tea and coffee in a hangar of the Atlantic City Airport, courtesy of the State Department, the Customs Service, the Federal Bureau of Investigation and the Federal Aviation Administration.

If we're going to reach any agreements with the Russians, we must keep thinking of them as people, not as warheads.

MALVINE COLE
New York, March 15, 1987

How Novels and Software Are the Same (and Not the Same)

To the Editor:

As the lawyer who wrote the first published article on legal aspects of computer technology and has handled them intensively since 1980, I believe that Richard Rayman's letter on possible copyright coverage of the structure and format of computer programs (Feb. 19) reveals the need for more sophisticated examination of the nature of copyright in light of the availability of software programs.

The hoary notion that copyright covers the expression of ideas, but not the ideas themselves, has been discredited in practice ever since translations of copyrighted works were covered. And that certainly has been the case since copyright was expanded to cover the plot and the characters of novels.

Those elements are clearly ideas, or information content, not the mere arrangement of symbols on the printed page. The symbols of the original works send physical signals to the creators of the new works that are processed in the brain in the creative activity to produce sets of entirely different symbols. The present move to expand copyright further to

cover the format and structure of computer programs reflects a deceptively logical extension of that treatment of the subject matter of novels.

We must acknowledge the actual growth of copyright law and the substantial change in its underlying purpose that has occurred in the centuries since it was adopted. At one time, it was used to protect publishers from direct copying, hence the expression vs. idea distinction. However, copyright became long ago an unacknowledged vehicle for preventing unfair competition from poachers on ideas as well as symbols.

That is shown not only by the coverage of translations and the contents of novels, but also by the adoption of the fair use doctrine to permit certain types of copying (for example, by video cassette recorder) and related rules that deny copyright to the only

way to state something, which was sought in Apple Computer v. Franklin Computer, a case that involved an attempt to copy the Apple operating system. Rules to deny copyright also apply to blank forms and other things that allegedly do not have sufficient copyrightable subject matter.

The effort to expand copyright to the format and structure of computer programs dramatizes the need to revise our perception of copyright and measure those efforts overtly under principles of unfair competition law.

Only then will the interests of the public be protected properly by express attention to the real public policy considerations involved. It is dangerous to persist in talking about an expression-idea distinction because its ostensible mechanistic quality is diversionary.

ROY N. FREED
Brookline, Mass., Feb. 19, 1987



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The Times welcomes letters from readers. Letters for publication must include the writer's name, address and telephone number. Because of the large volume of mail received, we regret that we are unable to acknowledge or to return unpublished letters.

Is 'Glasnost' a Game of Mirrors?

This article was prepared by a group of dissident Soviet émigrés, all living in the West. They are Vasily Aksyonov, Vladimir Bukovsky, Edward Kuznetsov, Yuri Lyubimov, Vladimir Maximov, Ernst Neizvestny and Aleksandr Zinoviev.

Are Mikhail S. Gorbachev's new policies the historical turning point we have been praying for, signaling the end of oppression and misery in the Soviet Union? Or are we witnessing only a short-lived "thaw," a tactical retreat before the next offensive, as Lenin put it in 1921?

True, a number of the most prominent human rights activists have now been released from prison labor camps and from exile. As welcome as this gesture is, however, we cannot fail to notice that such selective mercy is of the kind exactly calculated to make a maximum public impression with a minimum of genuine concessions.

If the Soviet Union is really undergoing a change of heart, why has it not simply declared a general amnesty for all prisoners of conscience instead of resolving certain highly visible cases one by one over the course of a year?

We have not, for instance, heard any clear condemnation of the criminal use of psychiatry — the most notorious of the Soviet methods of repression. Nor have we seen any progress with respect to emigration. Another welcome development, of course, is Moscow's recognition of the

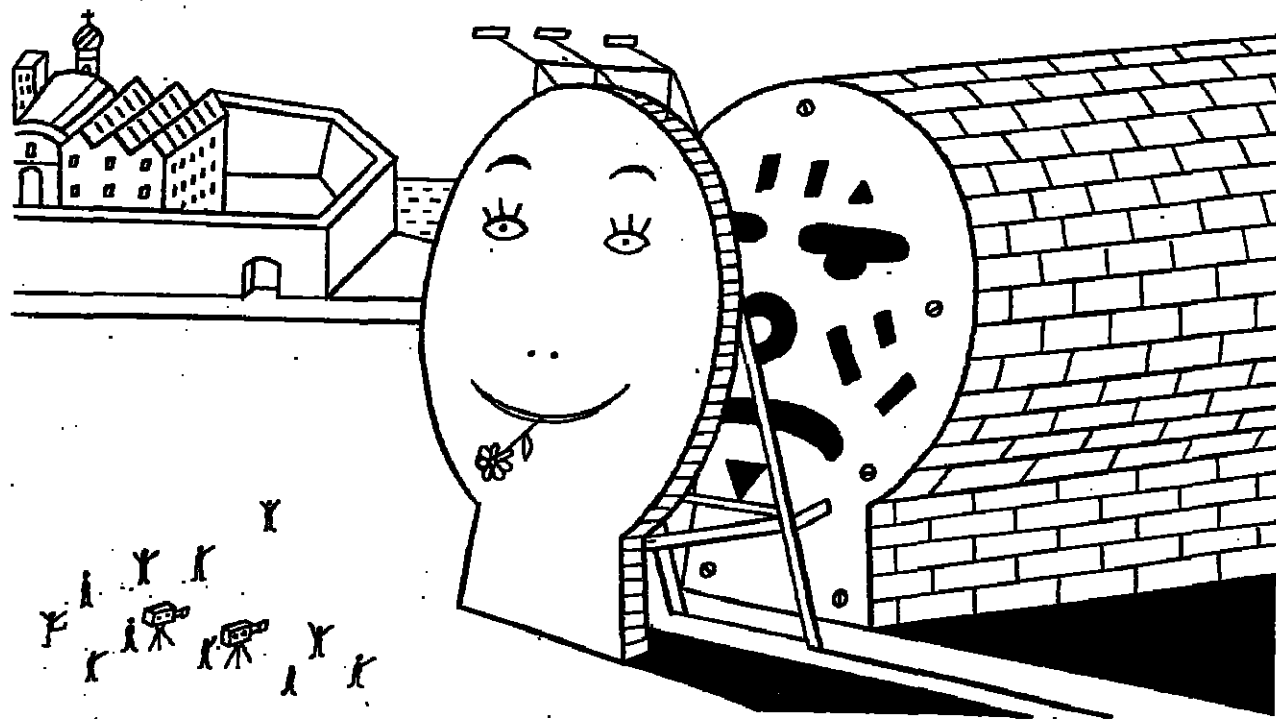
True openness would entail genuine public debate for all — without punishment.

need for radical economic reform. Yet to date no serious sign of this reform is anywhere in evidence.

The Soviet Union's announced desire to end the war in Afghanistan could be even more welcome. But if the Kremlin really means to end the war, why does it not simply withdraw its troops? If the purpose of the delay is to leave behind a stable government, why not allow free and fair elections under strict international supervision? Since neither of these solutions seems to satisfy the Kremlin, we are forced to conclude that all it really wants is the appearance of leaving Afghanistan.

Perhaps the greatest puzzle of all is that created by the new policy of "glasnost" (openness). Indeed, it must be bewildering for many people to be reading in Pravda the very criticisms of Soviet reality that only a few years ago would have been branded as "anti-Soviet slander" and rewarded accordingly. This new policy, too, is to some extent merely making a virtue of necessity. By now, it is senseless for the Soviet regime to maintain a huge and costly internal propaganda machine whose products are believed by few.

Thus, glasnost is helping the leaders regain the attention of the Soviet public while at the same time enhanc-



Marie Blahova

ing their image abroad. Real glasnost would involve genuine public debate in which everyone could take part without fear of punishment. It would, in other words, be a public guarantee against the abuse of power — whereas, what we are seeing is only the same old party monopoly on the truth, with the order being that for the moment truth must be critical of the regime itself. Such an order could be countermanded tomorrow.

Consider the posthumous "rehabilitation" of a few prominent writers such as Boris Pasternak, Nikolai Gumilev and Vladimir Nabokov. We note that the privilege of rehabilitation seems to be conferred exclusively on the deceased, who are guaranteed not to say or do anything unexpected. Moreover, a long line of less fortunate dead writers are still waiting their turn.

The same holds true for the current interest in the corpses of certain artists such as the opera singer Feodor Chaliapin and the film director Andrei Tarkovsky, who died expatriates and whom — against their explicit last wishes — the authorities are desperately trying to repatriate post-mortem.

This macabre scene of body-snatching can hardly be called cultural freedom — nor can the invitations to a few prominent émigrés to return "home" like so many prodigal sons, the past "forgotten."

No one, after all, prevents the Soviet Union from distributing the books and records of émigrés or from showing their films and plays and paintings. Were Soviet audiences simply allowed to choose for themselves, émigré artists and writers would require no back-door negotiations with the authorities. One might forget the past, but how can anyone "forget" the continuing omnipresent party control — especially after tasting freedom in the West?

Finally, suppose that Mr. Gorbachev's most daring suggestion to date — that is, free elections within the party — were to be implemented. Such a great leap forward would merely grant the Soviet people what the blacks currently enjoy in South Africa: 7 percent of the population would hold "free" elections for themselves.

The fact is that the Soviet leaders could, without truly altering the nature of the regime, afford an even greater temporary "retreat" than that which is giving rise to so many undue hopes at the moment. They could reduce the excesses of the criminal-justice system, permit far greater emigration and withdraw from Afghanistan. They could even publish Aleksandr I. Solzhenitsyn's "Gulag Archipelago." They could be-

come as "free" and "capitalist" as Poland, Hungary, Yugoslavia or China.

The real question is not how far the current "thaw" will go, but how long it will last. For unlike Hungary and Poland, the Soviet Union does not live in the shadow of a Big Brother that can come to the rescue, and, unlike China, it has a host of small brothers to look after.

What Westerners fail to understand is that if the Soviet leaders were really intent on radical change, they would have to begin by discarding the ruling ideology.

Ideology is that hard core of the Soviet system that does not allow the country to deviate too far for too

Are we witnessing a short-lived 'thaw' before the next offensive?

long; unless the central ideological tenets were to be challenged, long-term Soviet strategy would remain imprisoned by its assumptions.

As long as there is no doctrinal possibility of peace with the "class enemy," how can there be genuine peaceful co-existence with the "bourgeois" world? Nor is peaceful co-existence inside the Soviet Union any more likely.

As long as the "historic struggle of the two worlds" rages, Soviet citizens cannot simply be left to pursue their private lives and aspirations. They are conscripts in a nationwide army of ideological warriors, pressed to view themselves not as ordinary members of the human family but as bearers of "Socialist justice," "Socialist culture," "Socialist sport" — and now even "Socialist glasnost."

For the West to take the new policies at face value is to deal with symptoms and ignore the disease. Meaningful change would require the Soviet leaders to reject the basic fallacies of Marxist-Leninist dogma, cease the one-sided "historic struggle" and allow the Soviet people to be ordinary humans for whom words like "democracy," "culture," "justice" and "glasnost" are permitted to mean what they mean to their "bourgeois" brothers.

Moreover, if the Kremlin sincerely

wants to turn over a new historical leaf, it must stop exploiting the painful memories of World War II for propaganda, close down the vicious "Military Patriotic Program" obligatory in every school and prevent any further militarization of society. Most of all, it must tell the full historical truth about the crimes committed by the Soviet regime.

National reconciliation cannot be achieved by releasing a couple of hundred prisoners from jails, where they should not have been in the first place.

The Soviet Union is a gravely sick country, whose leaders have had to break with a 70-year tradition of silence merely to gain a little trust from both the Soviet population and the world outside.

It is they, however, who must learn to trust. They must give the people the right to administer justice in proper courts, and they must learn to have enough respect for public opinion not to engage in their customary tactics of disinformation and manipulation.

Even a fool can see by now that if 70 years of doctrine have brought to ruin one of the richest countries on earth, the doctrine must be faulty. Mr. Gorbachev admits that no one in all those years succeeded in putting the country right. Perhaps, then, the time has come to reject the system itself. Was it not Lenin who said that only practice can ultimately judge theory?

As for the West, is it not an embarrassment for people to be in such a hurry to applaud the Soviet Union for promising conditions that they themselves would not tolerate for one moment?

ON MY MIND | A. M. Rosenthal

The Locked Files

There are news stories that simply will not go away. The press can forget about them, bureaucrats can try to hide them, governments can try to wipe them from national memories. Every now and then somebody insists they be remembered. Suddenly they are alive again, demanding attention again.

This is about the case of the United Nations' vast secret archive of Nazi war criminals. Officials of the United Nations have kept the files hidden from historians, journalists and other interested members of the public for nearly 40 years.

And the countries that could demand that they be opened keep refusing — including the United States. It is a story that shows a deep reluctance in both Western and Communist countries to take a real look at the whole war crime era. "Pandora's box," U.N. diplomats call the archives; a revealing cliché.

The story begins in 1948 when the Allied War Crimes Commission, going out of business, handed over about 38,000 files dealing with war criminals to the three-year-old United Nations. The commission, 17 nations, did not expect them to be put away and locked up.

About 25,000 names were on a special "A" list of people about whom the commission felt there was sufficient evidence to warrant prosecution. And the commission itself had decided in 1946 to remove the lists from the "secret" category. Quite logical: how could war criminals be prosecuted when the names and charges were secret? The commission also said the archives were a valuable record for historians. Historians do not write secret books.

But about a year after they were entrusted to the United Nations its officials decided that it would be best to lock them away from the public, and open them only to governments who discovered the names, and on a confidential basis.

No nation was interested until 1986 when the World Jewish Congress disclosed that the commission had concluded in 1948 that there was sufficient evidence to prosecute Kurt Waldheim for the murder of Yugoslav partisans in World War II. Mr. Waldheim, reluctantly stepping out after 10 years as Secretary General of the United Nations, was running for president of Austria when the disclosure came. He won.

Then about nine months ago the pesky Israelis demanded and got confidential access to 300 files.

They also asked Secretary General Javier Pérez de Cuellar to open the files so historians, scholars and journalists could examine them. Veteran

U.N. specialists agree with Israel that it is plainly within the power of the Secretary General to open archives the U.N. staff itself had closed.

But the Secretary General said he had to ask former member states of the long-dead war crimes commission — the Western allies and Eastern European governments that had offices in London during the war.

"Studying the matter," a United States representative told Elaine Sciolino of The Times in June 1986. "Very sensitive subject," confided the Belgians. The files remained locked.

Now the Israelis have asked for 2,000 more files but insist that the issue in any case is public access. Israel's Ambassador, Benjamin Netanyahu, again asked the Secretary General to open the archives. No, said the Secretary General, the former members of the commission objected.

The Israeli position, which makes sense, is that the secrecy issue was created by the U.N. staff, and runs counter to the original intent of the commission. They point out that a

U.N. refuses key, U.S. won't ask.

master list of names and summaries of charges found its way to a public American archive in Maryland. Any "protection of the innocent" argument is moot.

The material Israelis have already examined under confidentiality demands the attention not simply of prosecutors but of scholars and historians. It includes important material about who knew what in the West during the Holocaust, Gestapo actions in Poland, what German courts did in occupied lands, new details on Nazi medical experiments. It is not "secrets" that are locked up at the U.N. but a heartbreaking, invaluable record of organized murder, which belongs to history, not the U.N.

Exactly one commission member said open the files. Thus Australia furnished her name.

Moscow, not a member, was not asked but could have influenced the Eastern European states.

These are the countries that said no to opening the archives: Belgium, Britain, Canada, China, Czechoslovakia, France, Greece, India, Luxembourg, the Netherlands, New Zealand, Norway, Poland, the United States, Strange alliance.

Issues of the Information Age:

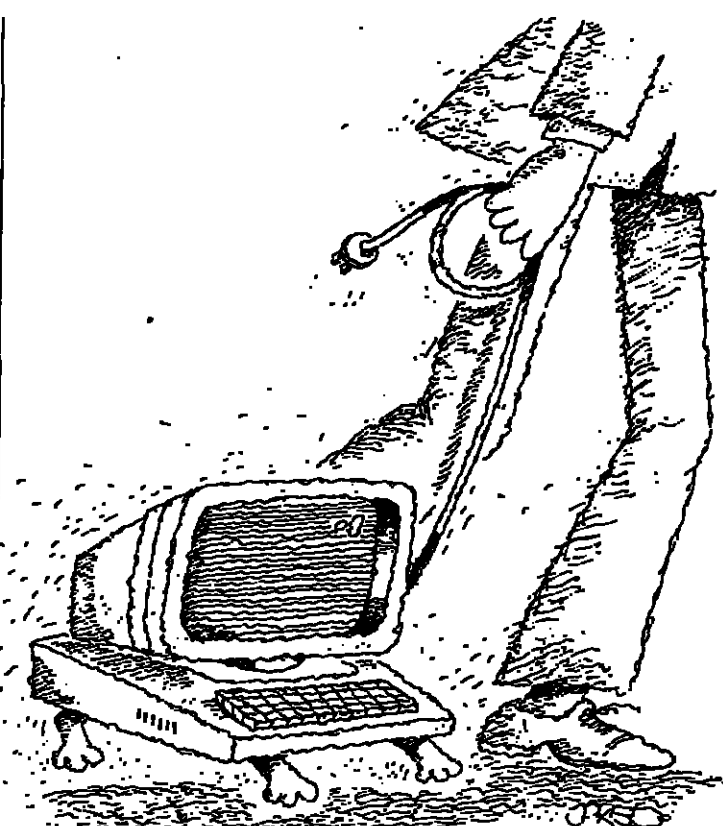
The paradox of power.

The Information Age, for all its potential, has brought with it a new kind of problem. Often, the machines that contribute so much to the flood of information do little to help most of us cope with it. They are difficult to use, rigid in their demands, almost arrogant in their inability to work with any but their own kind. They are the muscle-bound tools of specialists.

In our view, the problem is not that the machines are too powerful for the rest of us. They are not powerful enough.

This is the paradox of power: the more powerful the machine, the less power it exerts over the person using it. We define a more powerful machine as one that is more capable of bending to the will of humans, rather than having humans bend to its will. The definition is deeply ingrained in AT&T. The telephone is such a powerful device precisely because it demands so little of its user.

AT&T foresees the day when the Information Age will become universal. People everywhere will participate in a worldwide Telecommunity. They will be able to handle infor-



mation in any form — conversation, data, images, text — as easily as they now make a phone call.

That day is coming closer. One example: scientists at AT&T Bell Laboratories are developing "associative" memories for computers, further enabling the machines to work with incomplete, imprecise, or even contradictory information. That's perfectly natural for a human. What makes it a breakthrough is that these computers won't ask you to be anything else.

Telecommunity is our goal. Technology is our means.

We are committed to leading the way.



WASHINGTON | James Reston

Bravery and Baloney

WASHINGTON You have to admire President Reagan's bravery at his last news conference, but you don't have to swallow his baloney.

Facing the lions for the first time in four months, he charmed most of them into pussycats, and treated them to everything but the truth.

The only new thing he said during a half hour of dreary repetition was that Vice President Bush had not objected to his decision to sell arms to Iran; that account was wrong. Later the White House issued a statement saying that Mr. Bush had "expressed reservations throughout the process."

Even so, it was a brave performance, for as John Sears, the President's former political adviser, said, Mr. Reagan couldn't afford to stumble this time. He answered the questions patiently under difficult circumstances, but what answers?

They were a catalogue of what he didn't know or couldn't remember, with vague intimations that the scandals, which he calls "mistakes," and the policy blunders, which he calls "flaws," were usually caused by somebody else.

He even blamed the reporters for impeding the release of the hostages, and for his drop in the popularity polls. In view of what the reporters had been writing in the last few months, he said, he could understand why his rating was down.

He was asked why he had said in his previous news conference, not once but four times, that the U.S. had nothing to do with Israeli arms shipments to Iran when he knew that was not true. "It was evidently just a misstatement on my part," he replied.

At no time did he explain the main charge: why he had repeatedly im-

The news conference that wasn't.

plored other nations not to sell military weapons to Iran and other terrorists and then had insisted on doing so himself against the advice and protests of his Secretaries of State and Defense.

Had he taken this decision carefully or casually, he was asked. "The only thing I've done casually since I've been here in these six years," he replied, "is hold a press conference." And that's not true either.

At one point, he was asked whether he thought Colonel North and Admiral Poindexter had deceived him. "They just didn't tell me what was going on," he said, at which a reporter wondered on the side: Can you imagine President Eisenhower's not asking them what the hell they were doing? Or Harry Truman or Lyndon Johnson?

When he was asked whether there was anything wrong with the way he was managing the Presidency, he replied:

"I've been reading a great deal about my management style. I think that most people in business will agree that it's a good management style. You get the best people you can to do the job. Then you don't hang over their shoulder criticizing everything they do..."

The reporters refrained from laughing. The best people available? Five heads of the National Security Council in six years? Donald Regan as chief of

staff? Dave Stockman; Pat Buchanan; Ed Meese as Attorney General? His appointment record is generally regarded here as the worst in memory.

No wonder then that there's tension here between the President and the press. For six years the reporters have been listening to an incredible catalogue of Presidential misstatements, evasions and downright distortions with few chances to get the President to keep the record straight.

Now comes Senator Alan Simpson of Wyoming to charge that the reporters are trying to confuse the President, and Pat Buchanan roaring that the press is trying to bring the President down.

This is not true either. The reporters actually like this President, and marvel that he has gone so far on so little, with so much support from the people, who prefer his illusions to the facts. The press is not out to get him, but feels sorry for his plight.

The main point about this news conference is that Mr. Reagan looked so good that he now seems determined to prove that he's back in charge, which is an alarming thought. For news conferences prove nothing about a man's ability to govern the country.

As now arranged with their long red carpets and their jumping-jack reporters and their instant analysis on television of mysterious Presidential "explanations," news conferences are a poor and laborious way to gather news, and a hopeless way to get at the truth.

The President hates them, with good reason, and if the reporters had five minutes every day or so with Howard Baker to ask their questions on a background basis, the guess here is that they would gladly relieve the President of this unnecessary burden.

Stopping the High-Tech Giveaway.

By STEVEN PROKESCH

WHEN Reagan Administration opposition forced Fujitsu Ltd. to drop its plans to buy control of the Fairchild Semiconductor Corporation last week, Fujitsu and Fairchild executives immediately made it clear that their relationship was not dead. The two companies now plan to enter into a series of technology-exchange and development programs that will enable the companies to make and sell each other's products.

By teaming up with a foreign company in such a fashion, Fairchild is merely joining the pack. So-called cooperative ventures or strategic alliances with foreign companies have become a way of life in nearly every industry: Hundreds of American companies have turned to foreign partners for assistance in dealing with intensifying global competition, penetrating foreign markets and shouldering the big costs of developing sophisticated new products.

But even though there was no immediate outcry from Washington, Fujitsu's and Fairchild's plans to live together rather than marry still carry some of the same risks of transferring technology to Japan that had caused Government officials to oppose the proposed acquisition. Indeed, there are growing concerns in business, Government and academic circles that such American-foreign

alliances have resulted in a largely one-way flow of technology and other critical skills from the United States to foreign nations, especially Japan. And while many American companies are loath to talk about it, a broad reassessment of alliances with foreign companies is clearly under way.



An engineer from the Japan Aircraft Development Corp. working on the 7J7 at Boeing's Renton, Wash., facility

Many of the competitive problems now plaguing American manufacturers of such products as semiconductors, machine tools and consumer electronics stemmed from ties with foreign companies.

When the RCA Corporation licensed its color television technology to the Japanese decades ago, its leaders saw the deal as a low-risk way to make some easy money. RCA is still pocketing handsome royalties, but the Japanese now have a bigger share of the American market than the RCA brand.

More recently, cooperative ventures have come back to haunt the semiconductor industry. As recently as the early 1980's, American semiconductor makers were a symbol of America's technological might. But by entering into a range of licensing, marketing and manufacturing ties with American companies, the Japanese assimilated everything the masters had to teach. Now the Japanese are the masters, and the Americans are scrambling to catch up.

The big worry is that what happened in color televisions and electronics is happening everywhere. If American companies do not change their approach to cooperative ventures, the resulting transfer of technology to foreign countries, especially Japan, could ultimately threaten the nation's dominance of other key industries, including biotechnology, telecommunications, computers and aerospace, according to Government and business officials and experts who have studied the phenomenon.

"There is hardly an industry where we haven't transferred technology to Japan," said Clyde V. Prestowitz, who as counselor to the Secretary of Commerce was one of the nation's top trade negotiators with Japan from 1981 to mid-1986. "If we give our technology away, we have nothing to compete with," he added.

Mr. Prestowitz may sound like he was stating the obvious, but it was something that a lot of managers were painfully slow to recognize. Many American executives clung to the belief that the Japanese had no technology of worth long after that was no longer the case. Why? Tradition was one reason. Sheer arrogance was another.

After World War II, the United States Government encouraged American companies to share their technology to help rebuild the war-ravaged economies of Europe and Japan. Long after that task was accomplished, the technology outflow continued. Having dominated the world markets for so long, many American businessmen seemed incapable of seeing the Japanese as their equals let alone their superiors. Confident of their ability to stay at

least one step ahead of the Japanese, they did not worry that they were helping the Japanese become formidable competitors.

Such talk can still be heard at aerospace companies such as Boeing and Pratt & Whitney, which enjoy a technological lead — at least for now. "I don't see the Japanese or anyone else developing competitive technology by associating with us," said Robert Rosati, a recently-retired Pratt & Whitney official who led its joint venture with companies from Japan and three other nations to develop jet engines. "They don't have the design or development capability to do any kind of engine, and they're not going to get them."

But plenty of humbled executives in industries ranging from chemicals and cars to semiconductors and machine tools have wised up. "Anytime you license a foreign company to manufacture and perhaps sell for you, you're in effect putting another competitor into the marketplace," said B. Charles Ames, chief executive of the Acme-Cleveland Corporation. "Anybody who doesn't realize that is pretty damn naïve."

"Giving up technology is now far more suspect," said John M. Stewart, who advises major corporations on technology issues for McKinsey & Company, the consulting firm.

ALARMED by the travails of the semiconductor industry, executives at the Ford Motor Company recently decided against enter-

and manufacturing, said Keith J. Bane, Motorola's director of strategy. To insure that the technology flows both ways, a growing number of American companies are insisting that their managers be involved in ventures in Japan. Celanese (which was bought by Hoechst of West Germany earlier this year) trained two of its employees to speak Japanese and put them into a joint venture with Daicel Chemical Industries to soak up Daicel's expertise in automotive plastics. They are now back in Detroit working to apply what they learned.

While many joint ventures in Japan have been confined to manufacturing and marketing, more American companies are insisting that they do research and development. Only 8 percent of the new ventures formed in Japan in 1973 involved research and development, but 35 percent of those formed in 1985 did, according to a study by Laurent L. Jacque, an assistant professor at the University of Pennsylvania's Wharton School.

At the very least, some American companies are using ventures as a way to master Japanese management techniques. That was a key motive for General Motors's joint venture with Toyota to make small cars in California.

UNLIKE American managers, foreign businessmen, especially the Japanese, long ago realized that they could exploit these alliances for more than just quick gains in market share or short-term profits. For them, ventures were a way to gain the technology and skills needed to achieve global leadership.

In his studies of such ventures, including five of Du Pont's in plastics, Professor Davidson found a pattern. The Japanese company would assimilate its American partner's technology or production skill and then squeeze out the American partner.

Such a squeeze led to the split-up last summer of a venture between Humphrey Instruments, a California concern, and Roya Glass of Japan. "Hoya developed the ability to produce the machines on its own and effectively terminated the agreement," Professor Davidson said.

One reason that the Japanese often seem to end up with the upper hand is that they frequently wield total management control of the venture. Several of the Du Pont ventures had no American managers.

An even more basic problem, according to several experts, is that many more Japanese speak English than Americans speak Japanese.

This has made it difficult for Monsanto, the chemicals concern, to make sure it was getting as valuable technology from its Japanese partners as it is giving to them.

"We have few scientists who are proficient in Japanese," Mr. Heinger said. As a result, "we don't have the fluency to probe in detail their technical people the way they can probe in detail our technical people."

The Japanese have not been nearly as generous about sharing their technology and manufacturing expertise, contends Robert B. Reich, professor of political economy and management at Harvard University's Kennedy School of Government. In his study of 100 ventures, he found that Japanese companies almost always tried to keep the highest value-added parts of production for themselves.

If this trend continues, he worries that the Japanese will increasingly be the ones who turn American breakthroughs in basic science into useful products. Americans, he said, will become second-class assemblers and distributors of Japanese goods.

In many cases, though, American companies have had little choice but to form disadvantageous relationships to do business in Japan.

Until the mid-1970's, the Japanese prohibited Americans from setting up wholly owned subsidiaries in Japan. Instead, they had to enter into jointly owned enterprises with Japanese companies. And the price of entry into Japan included a requirement to license their technology to Japanese concerns.

Even after these laws were relaxed, American companies frequently found it difficult to break into the Japanese market on their own. This has been especially true in such expensive, technologically sophisticated products as telecommunications equipment and commercial air-

craft, where the Japanese Government — like the governments of most countries — plays a big role in determining which vendor wins an order. As is still the case in most countries, including Japan, sharing technology and production with local companies is a prerequisite for winning an order.

Cultural differences have also made it virtually impossible for American companies to compete on their own in Japan.

The long-term relationships between suppliers, manufacturers and distributors so valued in Japan hinder American companies. With acquisitions frowned upon in Japan, American companies have often had little choice but to team up with a Japanese company to break into the market.

DESPITE all the dangers, strategic alliances with foreign companies, including the Japanese, seem here to stay. Indeed, even with the reassessment of ventures going on, no one expects any significant slowdown in their formation.

American inventiveness is admired throughout the world, but small companies, which account for so many discoveries, must often turn to foreign partners for help in making and distributing their products — and for the capital needed to stay alive.

Even giants, though, will continue to link up with foreign companies. General Motors, Ford and Chrysler now import not only components but entire cars from Asia. Companies in businesses ranging from appliances to photocopyers to machine tools have resorted to the same tactic. Such arrangements often force the American company to disclose vital design or product information.

Business leaders have also come to view strategic alliances as a necessity in industries where product development costs are exorbitant.

It costs \$50 million to \$100 million to bring a new drug to market, so pharmaceutical companies have to market it rapidly throughout the world to recoup the investment. That requires strategic alliances, said Henry Wendt, president and chief executive of the SmithKline Beckman Corporation, which has joint development and marketing agreements with Boehringer Mannheim of West Germany, Fujisawa of Japan and Wellcome P.L.C. of Britain.

Similarly, virtually no single company can afford the billions of dollars it costs to develop a new commercial jet — not to mention the \$500 million to \$700 million to develop the engines to power it. For that reason, international consortiums have become a way of life in the aerospace industry.

In a recent interview, Makoto Kuroda, a senior official of the Japanese Ministry of International Trade and Industry, reiterated his Government's assertion that Japan has abandoned all ambitions to become an independent power in commercial jets. At least publicly, such aerospace companies as Boeing and Pratt & Whitney, the jet engine maker, say the Japanese lack the design and systems ability and the innovativeness to threaten American leadership in aircraft or engines. But privately, industry officials are nervous, said Leslie Denard, a McKinsey consultant.

Whatever their long-term intentions might be, Japanese clout — and expertise — is clearly growing.

Boeing will allow its Japanese partners to design and produce components equal to 25 percent of the value of the 7J7, the 150-seat, fuel-efficient jet that Boeing plans to have in service in the early 1990's. That is about twice the share that the Japanese produced of the 200-seat 767.

Even if the Japanese pose no immediate threat to prime contractors such as Boeing, they are already taking business away from American companies, said David C. Mowery, an aerospace expert at Carnegie-Mellon University. Eventually, they may do the same to the prime contractors, according to many experts.

SLOWLY, painfully, American managers are learning that doing business in a global economy carries enormous dangers along with opportunities. Having been burned by foreign alliances, some managers, at least, have lost the arrogance that made them such easy prey. The question is whether managers in other industries will learn from their example, or have to learn on their own.

The Varieties of Business Alliances

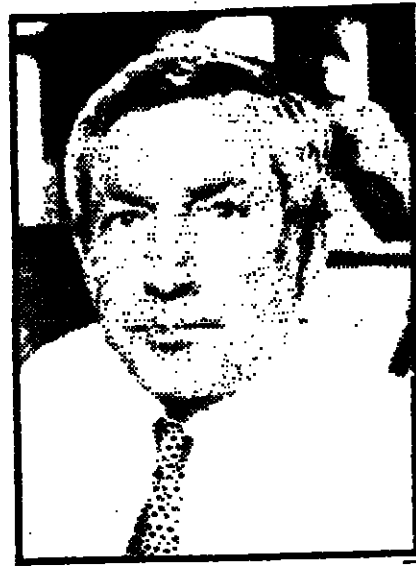
Joint Ventures involve the creation of an enterprise jointly owned by the parent companies to develop or manufacture or sell particular products often in a particular market. In many American-Japanese joint ventures, the Americans contributed the technology, only to find themselves discarded when their Japanese partner had mastered the innovation.

Licensing Agreements typically permit the licensee to manufacture and sell a product incorporating the owner's technology in return for royalty payments. But in electrical power plant equipment, color television sets, machine tools, electronic components and many other industries, agreements have not limited licensees to a given market or product application. By improving on the technology itself, capitalizing on their lower manufacturing costs or applying the technology to new products, Japanese companies have used the license to become strong competitors in the United States and abroad.

Marketing/Manufacture/Supply Arrangements enable a partner to make or sell and service the other's products. American companies have used these arrangements to import low-cost foreign components or entire products, and to distribute American-made products in foreign markets. Because such alliances often involve sharing American technology and design specifications with the foreign partner, the result has often been one-way technology transfer.

The Economy

WEEK IN BUSINESS



Boyd L. Jefferies

Boyd L. Jefferies pleaded guilty to criminal fraud charges and agreed to settle civil charges in a new angle to the Wall Street scandals. Mr. Jefferies, the heart and soul of Jefferies & Company, which pioneered off-exchange trading, admitted that he helped Ivan F. Boesky break securities laws by allowing Mr. Boesky to "park" stock in Jefferies' name until he had enough capital to buy it. Mr. Jefferies also admitted to illegal manipulation of the stock price of an unnamed company just before a new offering. Mr. Jefferies was barred from securities trading for five years and faces a prison term, but most analysts said he would get off relatively lightly because the information he will give the Government is expected to assist the inquiry.

The ever-widening scandal has now snared some of Wall Street's finest and most flamboyant dealmakers, and does not appear to be ending. Indeed, Carl C. Icahn and Shearson Lehman acknowledged that they are under S.E.C. scrutiny. The Government has arranged for lighter penalties for the biggest violators in exchange for their cooperation. That indicates to most analysts that ending the transactions that mark this scandal — and preventing a recurrence — is more important to the Government than punishing the wrong-doers.

The S.E.C. chairman, John S. R. Shad, is to be nominated to be Ambassador to the Netherlands.

Fujitsu dropped plans to merge with Fairchild Semiconductor in the face of heavy Government opposition to a deal that would have helped Japanese chip makers make even bigger inroads into the foundry American chip market. Although the Government could not block the deal, it could have denied Government contracts to Fairchild.

Fairchild said it and Fujitsu would cooperate on manufacturing and developing products, anyway, and the company is now considering a buyout. Japan, meanwhile, continues to insist it is not using unfair chip practices.

A giant foreign investment — particularly from Japan — in "security-sensitive" companies is being proscribed by the Administration.

A 13 percent stake in Shearson Lehman was sold to Nippon Life by American Express for \$530 million, giving the trading firm a capital boost and the Japanese company a big American investment.

Fleet Financial will buy Norstar Bancorp in a \$1.3 billion stock swap that is the biggest in the banking industry. The merger would combine two major banking forces and create a "super-regional" bank. But Fleet might have to sell its big First Connecticut unit because of a banking law intended to keep big New York City banks out of the state.

Another record week for stocks saw the Dow average edge and lead to a successive record close. By Friday, a "triple witching" day that usually sees wide swings, the Dow Jones industrial average had gained 74.86 for the week, finishing at a record 2,333.52.

R. J. Reynolds is bringing back its retired chairman, J. Paul Sticht, to head RJR Nabisco. The move apparently is an attempt to assuage Reynolds managers who feel Nabisco ex-

ecutives obtained a larger share of the power in the 1986 merger.

Reducing dependence on foreign oil has become a priority of the Government, which issued a report warning that foreign oil would soon provide half of the country's needs. Among the proposals for increasing American oil production are the restoration of the oil depletion allowance on new production by major companies.

Gencorp was offered \$2.2 billion for a buyout by an investors group headed by Cyril Wagner Jr. and Jack E. Brown. The group said it would sell off all of Gencorp's operations except for tires and plastics. Gencorp, formerly General Tire and Rubber, is expected to resist.

The economy grew at an annual rate of just 1.1 percent in the fourth quarter of 1986, the Government said, not the 1.3 percent previously reported. That put growth for all of 1986 at just 2.5 percent, the lowest since the 1982 recession. But corporate profits were up a robust 6.1 percent in the quarter. ... Housing started jumping 2.6 percent in February, reversing a slowdown. ... Factory use rose to 79.6 percent in February, up from 79.6 percent. ... Personal income rose nine-tenths of 1 percent in February, but spending jumped 1.7 percent.

Carl C. Icahn dropped his bid for USAir as the Government tentatively approved the merger of USAir and Piedmont. The merger would effectively block the bid of T.W.A., Mr. Icahn's company. T.W.A. retains a 15 percent stake in USAir, but may find it hard to sell at a profit.

The F.S.L.L.C. sent \$1 billion to the Home Loan Bank Board of Dallas to avoid a capital shortfall that could have limited capital access by all the Federal bank board's units.

Approval of AZT, an AIDS drug, is sure to give a boost to Burroughs Wellcome. The drug will cost patients between \$8,000 and \$10,000 a year.

The Government will spin off National Technical Information Service, a clearinghouse of data, as part of its "privatization" plan.

Miscellaneous. The parent of The Boston Globe is to acquire Billboard Publications for \$100 million. ... The Navy has asked Northrop and Lockheed for proposals on modifications to advanced fighter jets that the companies are vying to build for the Air Force. ... Harley asked an end to tariffs on imported motorcycles, saying it was profitable again. ... Mexico signed a \$7.7 billion loan agreement with creditor banks. ... C.O.M.B. agreed to buy the rest of Cable News Network. **MERRILL PERLMAN**

The New York Stock Exchange

MOST ACTIVE STOCKS WEEK ENDED MARCH 20, 1987

Company	Sales	Last	Net Chng
Phil Pet	13,313,800	15 1/4	+ 1 1/4
Oakland	11,274,700	1 1/4	+ 3/4
USX	10,489,900	27 1/2	+ 2 1/2
AT&T	9,412,300	24	+ 1/2
Am Mot	8,442,700	4 1/2	+ 1/4
Occi Pet	8,187,500	33 1/2	+ 2 1/2
IBM	8,108,600	148 3/4	+ 3 1/4
Am Exp	7,852,100	77 1/4	- 1/4
Salomon	7,300,200	40 1/4	+ 1/4
Pan Am	7,220,300	4 1/4	- 3/4
Schlmb	7,130,300	40	+ 2 1/4
Tex Util	6,827,300	33 1/2	- 1/4
Navstar	6,784,400	7 1/4	+ 1/4
Chevron	6,493,700	57 1/4	+ 5 1/4
Nt Semi	6,339,100	16 1/4	+ 1 1/4

Advances	Declines	Total Issues	New Highs	New Lows
1,245	705	2,191	308	30
Week	1,007	930	2195	29
Prev. Week	1,007	930	2195	29

VOLUME (4 P.M. New York Close)	Last	Week	Year To Date
Total Sales	\$10,677,110	\$10,161,413,968	
Same Per. 1986	\$10,677,110	\$10,161,413,968	

WEEK'S MARKET AVERAGES	Hugh	Low	Last	Change
New York Stock Exchange	203.0	195.1	203.0	+5.81
Industrial	140.1	136.9	139.9	+2.54
Utilities	77.7	76.3	77.7	+0.79
Finance	164.1	161.0	164.1	+1.71
Composite	169.3	163.6	169.3	+4.06

Standard & Poor's

400 Indust	341.9	327.4	341.9	+10.66
20 Transp	229.4	212.1	229.2	+4.58
40 Utils	118.8	116.2	118.8	+1.58
40 Financial	31.3	30.5	31.3	+0.39
500 Stocks	298.1	286.6	298.1	+8.28

The American Stock Exchange

MOST ACTIVE STOCKS WEEK ENDED MARCH 20, 1987

Company	Sales	Last	Net Chng
Wicks	3,423,500	3 1/4	...
Home Shop	3,236,000	26 1/4	- 3 1/4
WangB	2,806,800	16 1/4	+ 1
Tex Air	2,589,800	40 1/4	- 1 1/4
W Util	1,940,900	23 1/4	3 1/4
BAT	1,635,800	8 1/4	+ 1/4
Asmr	1,446,000	10 1/4	+ 1/4
LorimerTel	1,396,100	20 1/4	- 1/4
Fruit&Lom	1,361,700	9 1/4	+ 1/4
NRMA	1,267,300	18	...

MARKET DIARY

Advances	Declines	Unchanged	Total Issues	New Highs	New Lows
442	345	149	936	115	12
Week	428	358	924	126	15
Prev. Week	428	358	924	126	15

VOLUME (4 P.M. New York Close)

Total Sales	Last	Week	Year To Date
74,288,105	828,374,805		
Same Per. 1986	78,468,886	762,988,284	

GARDENER'S CORNER

Walter Frankl

WHEN I SAW the dwarf conifers in their various shapes and striking, silvery-blue, dark-green or yellow-golden colours, three years ago at the International Gardening exhibition in Liverpool, I really fell in love with them.

For lack of space, I can grow only a few in my garden but those I planted two and-a-half years ago are doing very well in half shade on poor, rocky soil. I believe it was an Australian immigrant, a Mr. Wendt, who brought the first dwarfs from his former home about 10 years ago and succeeded in establishing them at his nursery in Ein Vered. They then found their way to the 65-dunam nursery of Israel's gardeners' association, Havat Hanoi, near Kfar Ruppin in Emeq Hefer, where they are being cultivated and marketed.

As suburbia expands and dwellings with small garden plots become more common, a greatly increased interest is taken by both amateurs and professionals in dwarf, slow-growing evergreens. The dwarf conifers, needle-leaved pines, cypresses, cedars, thuyas, etc. are a group which has been receiving a great deal of attention. For many years interest

in these plants was fairly limited and they were usually found in the private gardens of collectors and a few botanical gardens. Today you can find them in public gardens such as the Wohl Rose Park near the Knesset in Jerusalem and the Golan Museum Park (Golani junction) in Upper Galilee. Visitors will find it interesting to observe these plants in their irregular planting islands and borders, which illustrate their landscaping value as well as their versatility.

Obviously one of the great, practical advantages of these dwarfs is their slow growth. They require no or little pruning to maintain their characteristic form and shape over a period of years, possibly for the lifetime of the garden. If carefully selected, these trees may be used effectively in plantings around houses, as singles on lawns and as ground cover. About a dozen of them have been planted recently in large containers at the entrance to the Dan Carmel Hotel in Haifa. They are surrounded by a "garland" of colourful annuals and perennials.

Dwarf conifers are particularly suitable for rock gardens and effective use may also be made of them as

potted plants on balconies or roofs and in large containers at the entrance to the house.

These miniatures thrive well in slightly acid (pH 5.5 - 5.7) soil and may be grown in full sun or half shade. Freedom from serious pests is another advantage of the dwarf conifers. Malathion spray may be used if red spiders, aphids or white flies appear. Preventive sprays (2-3 times a month) are recommended. During the summer, ground surfaces may be mulched with shallow layers of ordinary white gravel or large *ag hagolan* pebbles to reduce weeds and retain moisture. Most dwarf conifers are propagated by top cuttings, but this is not an easy job and is best left to professionals.

FLORIDITY, ease of culture and plenty of colour are three qualities of popular plants and all three requirements are amply met by fuchsias. In fact few plants offer so much for so little care. They are beautiful in hanging baskets, elegant as tree-like standards, suitable for balcony boxes, attractive as house-plants - and they have a long blooming season.

Some of my more than 10-year-old fuchsias flowered from early summer until winter. The last fuchsia blooms on my balcony faded as

late as mid-January. There are new varieties with large flowers and a wide range of colours, both single and double, available each season at our nurseries.

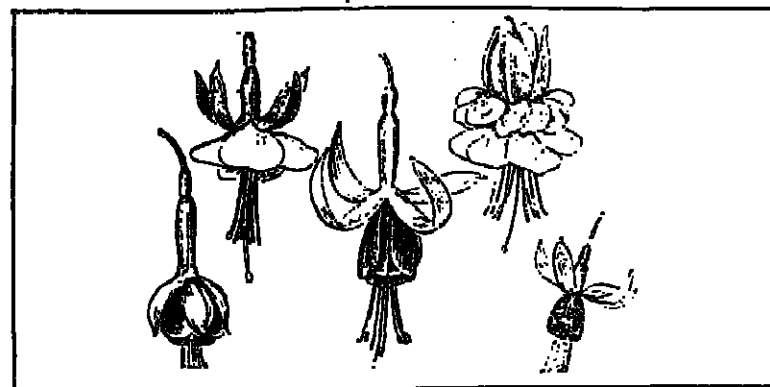
The history of the fuchsia in the Western world began in 1703 when Father Plumier, a French missionary, published a description of a plant he called *Fuchsia triphylla flore coccinea*. For many years it was not known exactly where Plumier had collected this plant, and it was not until 1873, when Thomas Hogg, a New York botanist, sent home seeds from San Domingo, that the home of the fuchsia became known. Father Plumier named the plant in honour of a German botany professor, Leonard Fuchs, who lived about 100 years before Plumier. The first fuchsia plants to reach Europe came from Central and South America, Mexico and the West Indies.

Whether used as potted plants or in garden beds, fuchsias need humidity, partial shade, plenty of water and some fertilizer. Most fuchsias thrive in the shade. All should be grown in protected places. Strong winds are deadly to fuchsias. While most plants need good, rich soil, this is especially so with fuchsias. They are rapid growers which soon deplete the nutrients in the soil. Start with a soil mix of 30 per cent red soil,

30 per cent compost and 40 per cent sand or vermiculite. It is also traditional for gardeners to add some bone meal or superphosphate to encourage flower production and some peat to increase soil acidity and to hold moisture. Mix the medium thoroughly and allow it to stand for a week or more before planting. The best time to plant fuchsias is in spring, when all danger of frost is past.

If you buy a nursery plant, remember that it has been grown under ideal conditions and it will take a week or so for the fuchsia to adjust to its new environment. Don't worry if your newly-bought fuchsia loses some of their leaves; have patience and the fuchsia will soon regain its vigour. Fuchsias must be watered heavily during rainless periods. This is especially important during the hot, dry Israel summers. Flood them until water drains out of the bottom of the container. Build a trench around fuchsias in flower beds and fill to capacity every two or three days. At all times, overhead sprinkling and misting with hand-sprayers is also beneficial for fuchsias. Fuchsias which were not pruned last autumn, may be pruned now.

Most of my fuchsias are in containers. At the end of the blooming



Varities of fuchsias.

season, which is November here in Jerusalem, I remove the containers from the balcony and store them in a shady, protected spot between shrubs. Then I mulch the fuchsias with a layer of dry pine needles watering them only occasionally during rainless periods. In late March or early April, they are taken from storage and cut back to restart growth. The branches removed provide good material for cuttings.

Fuchsia cuttings generally root easily in 10-14 days. Wet the cut end and dip it into a hormone powder (available at nurseries) before inserting it into a growing medium. The best mixture for growing fuchsias from cuttings is clean seashore sand or 50 per cent each moistened vermiculite and peat (*kavool* in Hebrew).

I report my old fuchsias every second year in spring, lifting them

carefully from the container after pruning. Root tips are cut back and flat stones or potsherds used for drainage. The container is filled with a new soil mixture (described above) and the fuchsia is replanted with its rootball intact. Then I water thoroughly and place the transplanted fuchsia in a shady, protected spot for a couple of days. Only after this period is it transferred to its permanent spot, also in half shade.

To show off fuchsias at their best, use hanging baskets. The pendant blooms at eye level allow them to be fully seen and appreciated.

A British fuchsia society has been formed to encourage amateur growers of this attractive plant. Readers who are interested in more information may contact the British Fuchsia Association, The Bungalow, Brookwood Military Cemetery, Brookwood, Surrey.

MUSIC REVIEWS

Bravo Dubi Seltzer

ISRAEL Philharmonic Orchestra - Light Classical Music, Dubi Seltzer conducting with Yehoram Gaon, singer and narrator; Gila Almagor, soprano; Yitzhak Markovitzky, violin and the Rimon National Choir (Meim Auditorium, Tel-Aviv, March 18). Music by Dubi Seltzer.

FIRST OF all the IPO management must be heartily congratulated on devoting one of the concerts in this series to the music of an Israeli composer. This should create a precedent to annually give the stage to one of our top composers as part of this concert series.

With the exception of "This Scroll - Ode to the Declaration of Independence," in which the original recording of Ben-Gurion's reading of the Declaration of Independence was combined with choral passages and a number of songs - a work which under no circumstances should have been composed - Dubi Seltzer and his music deserve only the heartiest praise.

Seltzer's orchestral textures worked extremely well, his melodic invention was inspired and he avoided all cheap effects and sentimental banalities. Be it a song or a musical, Seltzer remained faithful to his style, without trying to win over the public by using the new techniques in pop-

and rock music. Some of Seltzer's oriental flavoured, modal melodies, being a natural extension of our 1940s folksongs, can be regarded as classics.

IN "SONG of Songs," a melodrama for two narrators and small orchestra, a clever rearrangement turned the traditional text into a real drama.



Yehoram Gaon still entertains the thousands.

The narrative, rendered beautifully by Yehoram Gaon and Gila Almagor, became an integral part of the orchestral texture and the music, based on traditional cantillation melodies, evoked graceful and sweet connotations.

But Seltzer's real strength lies in his compositions for musicals and films. With Yehoram Gaon showing that, despite the decline of his voice and the unpleasant amplification, he is still capable of enthusing the thousands. Songs like *Self-respect* and *There is a Place from Casablanca*, *Cheers to the Nation from I Like Mike* or *Sir Moses Montefiore from I was Born in Jerusalem* were a real celebration.

No less impressive was the suite for violin and orchestra based on Seltzer's setting of Itzik Manger's *The Megilla*, which violinist Itzhak Markovitzky played remarkably well.

Mention must also be made of Haim Hefer's texts which undoubtedly contributed greatly to the quality of Seltzer's music.

To sum up: though on a light vein, an inspired and exciting evening. **Bravo Dubi Seltzer.**

BENJAMIN BAR-AM

Artistic institution

great piece of music, the choristers presented it with such a charm, sparkle and style - not to mention precision and vocal clarity - that the performance was pure delight. The colourful costumes were superb, the acting irresistible. Of course, both the ageing prima donna and her young rival and all the other ladies of the banal story were played by the choir boys.

Elsewhere, the ensemble demonstrated the warm, rich tone it is capable of producing with Reger's "Abendgang im Lenz," tackled the complicated harmonic textures of Britten's "Missa Brevis" effortlessly

and sang clearly and from memory "Hava Nagila."

Every so often, though, the interpretive aspect tended towards rigidity and heavy-handedness. If the limited emotional identification and lack of immediacy could be excused in the Pergolesi or Lotti, the rendition of the delightful tercet from Mozart's "Magic Flute," the fairies' chorus from Mendelssohn's "Midsummer Night's Dream" and especially Kodaly's "The Angels and the Shepherds" - as jolly a song as any - should not have approached the threshold of boredom.

An admirable taskmaster, the youthful George Stangelberger also had to handle some tricky accompaniments. While all the notes were kept in place, learning a thing or two about the piano would be of considerable value to him.

ELI KAREV

Beware of fatigue

out when it doesn't. At this concert most things went well, and a genuine aura of the late 18th century hovered over the hall. The opening Haydn symphony was all of one piece except for the spirit of the third movement, where a more graceful singing line would have been welcome.

Lilian Kallir's performance of the Beethoven was splendid, full of colour, and excitement in the two outer

movements and maintaining great inner strength through the surface placidity of the second. The fluidity of her technique is a joy to hear. It is 10 years since she appeared in Jerusalem. One hopes one will not have to wait so long again.

The Beethoven dances were delightful, a fine showcase for conductor and orchestra alike. But by the time they reached Haydn's closing entry, much of the orchestra's steam had been spent, and the conductor was reduced to pulling, prodding and practically pleading to get results. Uneven entrances, fluffed passages all over the ensemble and a violin solo reminiscent of Ezekiel's famous vision reinforced the sense of fatigue, whose chief exceptions were in the woodwinds and the percussion.

DANIEL ZIFF

Looking to the future

greatly appreciated.

Eitan Gliberson's piano recital at the museum of compositions by Brahms, Franck (Prelude, Choral and Fugue), Prokofiev and Noda revealed indisputable talent. A reflective Brahms, a cleverly constructed Franck and a witty Pro-

kofiev (Sarcasms, op. 17) were all indicative of a sound ability which will hopefully, in the future, encompass wider ranges of expression and assume a more clearly defined musical profile.

Gliberson's performance with the orchestra of Prokofiev's third piano concerto, however, did not convince. His technique seemed sufficient to tackle the concerto's demands but more brachial strength and a more forcible touch is needed. His solo part lacked sound and was often drowned out by the orchestra. What should have electrified and shone with brilliance, emerged soft and pale.

Zeev Dorman's debut as conductor with Dvorak's Symphony No. 8 was awaited with great curiosity. Dorman attended to all details with painstaking thoroughness but his performance lacked movement, temperament and imagination. He must get rid of his inhibitions and break out of his protective shell.

BENJAMIN BAR-AM

The Vienna Boys' Choir, Georg Stangelberger conducting. (Tel Aviv Museum, March 18.) Works by Haydn, Lotti, Pergolesi, Faure, Britten, Kodaly, Mozart, Mendelssohn, Reger, J. Strauss, Austrian and Hebrew folksongs and an opera by J. B. Kier. "The Jewish Prisoner."

MAINTAINING an artistic institution for nearly five centuries must be a monumental task, even without the rapid personnel turnover inevitable with a boys' choir. High professional standards are a must, as is a degree of firmness in preserving the tradition. Immediacy and sparkle, too, constitute essential attributes.

It goes without saying that the high legendary Vienna Boys' Choir displayed all these qualities on their second visit to these shores. An equal balance between them, however, was not apparent throughout the varied programme.

The small comic opera by Jean Baptiste Kler (1830-1875) turned out to be a veritable gem. By no means a

JERUSALEM Symphony orchestra - Reger-Narrington conducting, with Lilian Kallir, piano. (Jerusalem, Henry Crown Hall, March 18.) Haydn: Symphony No. 44 in E minor; Beethoven: Piano Concerto No. 1 in C major; Twelve Contradances; Haydn: Symphony No. 103 in E-flat major.

AFICIONADOS of the classical era were out in force for this concert - as well they should have been, considering the repertoire from middle Haydn to early Beethoven. "Safe ground," remarked one concert-goer who was probably expecting a broader historical range and whose seat was empty after the intermission. Safe ground yes, but primarily for the box office. Let no one be lulled into thinking that the average Haydn symphony is a piece of cake. Haydn, like many another composer, can sound deceptively easy to play when all goes well - but watch

YOUNG ARTISTS' Week, Shalev Adin - harpsichord; Eitan Gliberson - piano; Israel Philharmonic Orchestra conducted by Zeev Dorman (Tel Aviv Museum, March 14, and Meim Auditorium, Tel Aviv, March 21).

ADEL'S museum performance of works by Mozart, Piccini, Couperin and Bach and his rendition of Bach's D minor concerto with the orchestra proved that the harpsichord is indeed the right instrument. Adel possesses the right approach to the instrument, the right touch and technique.

He is also fully capable of eliciting, in his interpretations, the harpsichord's unique expressiveness by using a carefully regulated rubato and registration. That one of our young artists should have chosen the harpsichord as his instrument is

KEEP ISRAEL BEAUTIFUL!

RANDOMALIA Miriam Arad

Road not taken

NEARLY EVERYONE is told from time to time that he has chosen the wrong career. Look at what Rena has made of her flat, we say. It's like a picture in a magazine. She should have gone in for interior design. And what is Shaul doing in computers? He can silence a roomful of people by talking. I bet he could even talk Begin out of the house. He's a born courtroom lawyer if ever there was.

Rena and Shaul, though flattered, will probably disagree, but on their part tell Haim that with his head for figures, he should have become an accountant. Somehow most of us think that we ourselves are in the right profession, but half our friends

are not. Well, we always do know what's best for others. Myself, I'm now and then told I should have gone in for public relations, but since this is generally told me by my near and dear ones when they want me to make a ticklish phone call or write a tactful note declining an invitation, I tend to disregard it.

Which leaves us with the question of how people do end up in their respective professions. Some, to be sure, start out with a definite talent - for music, chemistry, commerce - and have their career chosen for them, as it were. Others have a dream or vocation - to become a hotel chef just like daddy, to discover the cure for cancer, or to see the

world, in which case they can choose between the diplomatic service and the merchant marine.

From what I see about me, however, there is a considerable element of chance in it all, and more people than you'd think simply drift into their field of work. A young truck-driver at a bottle factory may show a keen interest in the process of bottle production, and in five years become an expert bottlemaker and be appointed foreman. If he had happened to be a driver at a broom factory, he would likely have become an expert broom-maker. In the same way, a secretary at a film studio may be turned into a movie actress, while if she had been secretary at a real estate agency she would only have married the boss. Being there is half the thing. Not a few proofreaders at *The Jerusalem Post* sooner or later end up as sub-editors, book-reviewers, sports writers - just by being on the spot.

But there are other chance factors. Yoram may become a historian

because he had an exceptionally gifted history teacher in high school. Tali may become a clinical psychologist because, after studying international relations for two years, she underwent a traumatic experience, needed psychotherapy and got so interested she decided to switch subjects - and Tali's a real-life case.

Omri is a flight inspector. When he was drafted at 18, the Air Force happened to need flight inspectors. sent him on a course, and so determined Omri's lifetime career for him. And why did Eitan specialize in orthopedics? Because when he finished medical school, there was a vacancy in the orthopedics department.

It isn't so surprising, then, that our friends keep telling us we were cut out for any of the professions we didn't choose, seeing how we landed in the one we did. Would you say that in Ronald Reagan's acting days, his friends used to tell him he had all the makings of a president? Perhaps. And perhaps, too, he is rather sorry nowadays he ever listened to them.



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HIGH TECHNOLOGY

Discount Bank joins consumer loan fray

Now all the top banks – except First International – offer low-interest loans to consumers with big savings accounts

By PINHAS LANDAU
Post Finance Reporter

The latest retail banking war broadened significantly last week when Israel Discount Bank launched its own savings and loan scheme under the slogan "Cash at any Time," which is designed to compete with, and is claimed to offer better terms than Leumi's "Instant Money," Hapoalim's "Super Account" and Mizrahi's "Money All the Way."

A notable absentee from the competition for saver's funds is First International. Senior executives at the bank told *The Jerusalem Post* that they see no need to make special offers to attract clients at the present and feel their campaign offering "Loans for Any Purpose," mounted last summer, had been the spark that touched off the latest round of competition. That programme, like the ones currently on offer from the other banks, was for a limited period only and had been a major success, they claimed, so that First International could afford to pass up participation in the present round of competition.

The new schemes focus on savers with relatively large one-time deposits to make, and not the rather smaller sums of the regular monthly saver. Leumi opened the stakes with a scheme offering index-linked loans at a remarkably low 4.25 per cent linked interest rate, available for half the amount saved within limits of NIS 2,500-50,000. The loan is available starting three months from the end of the savings period. A unique feature of Leumi's scheme is the ability to transfer the right to the loan to another person or company.

No other bank has followed Leumi in the direction of index-linked loans, preferring to offer unlinked floating-rate loans that move in line with changes in the prime rate of interest charged by the banks. This began with Hapoalim's offer of loans for the full amount of savings, on sums between NIS 4,000-150,000, at a price of prime plus 12 per cent per annum (currently 13 per cent) and available from two months after the savings period begins through to its end.

Then came Mizrahi, which first offered a higher rate of interest on the savings themselves. That gave an advantage to people who were unsure whether they would take up the loan option or not. Then Mizrahi went on to offer a loan at prime plus 12 per cent for the full amount of savings, with no ceiling at all.

Discount was the last of the main banks to enter the fray, giving itself the advantage of knowing what it had to beat, as well as the onus of providing better terms to compensate for its late arrival. It did this by combining the best features of all its rivals' programmes. Thus its Cash at Any Time programme offers higher-than-usual interest rates for savers and an unlinked loan equal to the full value of the savings at the time the loan is taken, at prime plus 15 per cent. The loan is available starting one month after the savings account is opened, on any amount from NIS 2,500 to NIS 200,000, and the borrower has the option to transfer the right to the loan.

At the same time, Discount has revamped its old "Chen" short-term savings scheme, to make it compete with the new Hapoalim line of "Shekel for Shekel" loans. "Chen For All" offers savers a fixed rate of unlinked interest for periods of six or 12 months or at a floating rate equal to the prime rate, whichever turns out to have been higher. The saver makes monthly deposits of between NIS 250-3,000. At the end of the period, the saver is eligible for a loan equal to the total of his deposits for which he will be charged prime plus 15 per cent, and will be free of the usual commission for credit allocation that Discount charges even individual customers for normal loans. Other banks do not make this charge and therefore do not need to waive it.

As noted, all the banks have been careful to give themselves the right to change the terms of, or terminate, the special offers at any time. But none has done so to date, and the fierce competition suggests that further improvements may be made in the course of the current campaign before it is wound down.

PEDESTRIAN MALL. – Safad's main street, Rehov Yerushalayim, will be turned into a pedestrian mall. Construction is to begin next week.

PAY-OFF. – The Education and Culture Ministry has budgeted an additional NIS 2 million for encouraging the arts.

By DAVID KRIVINE

The Histadrut is an entrepreneur proud that its objectives are mainly social – providing employment and improving the workers' living standards. But the best of intentions can on occasion be tripped up by economic realities. Histadrut Controller Naftali Blumenthal, former chairman of Koor Ltd., tells the story as it is, in a hefty 420-page periodic report, the seventh in the series and Blumenthal's first in his new post.

Phoenicia Containers Ltd. closed its age-old bottling plant in Haifa, as bottles are less in demand nowadays. But in order not to leave all 150 dismissed workers in the lurch, it invested in a household glassware plant to employ 80 of them. The decision that cost it dear. Losses in the new venture totalled \$2.1 million in 1984 and \$3.4m. in 1985.

Knowing nothing about glassware technology, management had sought know-how and equipment from a foreign company which fell down on the job. Initial holdups cost the Israelis \$1.8m., but the foreign concern refused to pay compensation, except for a symbolic \$50,000 refund.

A market survey had led Household Glassware Ltd., as the new company was called, to think it could market 4,400 tons a year for \$1,000 a ton. It failed, however, to take into account that its competitors, mainly importers, would lower their prices. The return on average for 1984-85 turned out to average \$700 a ton. Output in the first year, 1984, was 1,472 tons, sales 720 tons.

In the following year 2,600 tons were sold.

Headaches were unending. A French company pleaded breach of patent over one product and won an Israeli court order stopping production. An appeal was lodged with the Supreme Court. Meanwhile, production continued and unsold stocks rose to 560 tons.

The Histadrut, however, never gives up, and things at Household Glassware may be improving. Losses in 1986 were smaller at \$1.6m. and are expected to be only \$700,000 this year.

Phoenicia owns a bigger factory in Yotvata and went on making bottles, as well as other things, there. But all was not rosy in this southern location either. Shortcomings were of the kind that dot the pages of all controllers' reports, and affected most of the undertakings investigated this time: forms not filled, accounts not properly kept, inventories not checked and, decisions made without proper authority.

The Histadrut controller did his own stock-taking at Phoenicia Yotvata, examining 29 items in inventory. Only in the case of two items did his figures tally with those on the card index. In 21 items the quantities



Jerusalem Hapoel in action; Naftali Blumenthal; and Co-op check-out. (Dan Landau, David Rubinger, Ronny Neeman)

Histadrut controller's study

Profits clash with principle

on the shelves fell short of the list, in six cases they exceeded it.

He found commodities in stock that had not moved for 18 months. The company bought 57,330 units of packing materials and used a mere 29,830. The rest was stored in the open, much of it rotting.

Generally speaking Histadrut companies learn from their mistakes, as can be seen in the follow-ups published in the report on criticisms made in previous ones. What interests the reader however are the blunders still remaining, and they are not lacking.

The cause is sometimes exogenous factors. The government's economic recovery programme, which cut the defence budget and froze the dollar exchange rate, had a negative as well as a positive effect. Lapid ceramics planned to export 5 per cent of its output in 1985 and 1986. It failed to do so, and sold more on the domestic market instead. Another ceramics maker Ne'eman Industries Ltd., planned foreign sales of \$500,000 in 1985 and only achieved \$192,000.

Reduced defence orders hit Ha'Dikan Metal Works for Spare Parts Ltd., which lost \$200,000 a month last year – but not only because of flagging business. Orders that did come in were duly booked, but deliveries were sometimes late, with delays of up to five months. As prices on the bill were not indexed, the penalty came to hundreds of thousands of dollars.

Consumer cooperatives are another Histadrut-affiliated sector not immune to problems. The Herzliya-Ramat Ha'Sharon Coop increased its bank overdraft from NIS 140,000 in 1984 to NIS 1.6m. in

1985. It was paying NIS 200,000 a month on interest alone, out of a turnover of NIS 1.5m. Not surprisingly it lost NIS 1.5m. that year.

Explanation? During 1984-85 it expanded the number of supermarkets in its area from seven to 11. The big outlay on investment, combined with a lower turnover than expected, put it into the red.

The Ra'anana cooperative organization ran seven supermarkets, one of them in Even Yehuda. The controller found this network poorly administered, and again there was a reason: The general manager was a sick man, yet took several years to retire. His successor turned out unsuitable and did not make the grade. At the time of the report, the Ra'anana coop had no general manager.

Labour councils can be described as regional offices responsible for all non-economic Histadrut activities in their areas, ranging from trade unionism to sport and culture.

Blumenthal expressed the view that the time had come to review their geographical distribution, which is based on history and local pressures. The propensity of big and small labour councils does not always suit the needs of workers in the 1980s and 1990s, he warns.

The biggest fiasco reported in this survey concerned the administration of the Hapoel sports organization, and here the controller let the fur fly. The hunt for competitive achievements in two most popular activities, football and basketball, led Hapoel, he said, to neglect all other sports, which are starved of cash. Equally neglected were proper budgeting and even elementary financial procedures.

Six branches were examined in six different labour councils – Ra'anana, Beersheba, Jerusalem, Haifa, Rehovot and Ramat Ha'Sharon. All of them were found badly lacking.

In Ra'anana the budget allocated 75 per cent of the money to football and 19 per cent to other sports.

Actual expenditure was 87 per cent to football and 8 per cent to other sports. Hapoel Beersheba had not prepared budgets for the football section at all since 1981. It simply spent, and had a \$900,000 deficit at the time the report was completed.

Jerusalem Hapoel did budget for its football section. Its estimate in 1984/85 ran as follows: Expenditure, \$503,000. Expected income \$60,000. Expected deficit, \$443,000.

This was approved by three votes to one, with three abstentions, although Histadrut regulations require that all budgets be evenly balanced. The actual deficit turned out to be \$389,000, or 4 1/2 times the size of the income. The debts of Jerusalem Hapoel exceed \$1m.

Hapoel Haifa had deficits too, including a debt of \$500,000 to income tax (presumably on the gross pay of its football and basketball players). The controller astonishingly said it was the complete lack of any kind of system or order in the administration of the club.

Season tickets were either overpriced or offered at a big discount or given away free of charge, without any explanation of who got what. Loans were given to players without any standard rules about repayment. Some of the advances were later written off as extra salary.

An examination of bank statements revealed the sums paid out on various items of expenditure were not the same as the figures entered on the cheque-stub. No record exists of what the payments should have been because many of the outlays had no documentation.

This kind of neglect was not exclusive to Haifa; mismanagement of a similar kind was found in all the sports clubs surveyed. The Histadrut Control Committee, which examines the controller's reports, showed a proper degree of shock. It blamed the Histadrut in Haifa for failing to control the situation at its local Hapoel.

It called on the local labour council and the Hapoel central committee to halt all payments in Haifa to the two faulty sections, football and basketball, until the whole financial system was reformed and proper accounts kept.

acquire Albany, N.Y.-based Norstar Bancorp for \$1.3 billion worth of stock, the highest price ever paid for a bank in the U.S.

The merger of the two leading northeast regional banks will be allowed in July 1988 under regional banking laws that open Rhode Island to mergers with banking companies from other regions. New York State law already allows such transactions.

THE U.S. ECONOMY slowed to a 1.1 per cent annual growth rate for the last three months of 1986, weaker than previously thought, the Commerce Department said last week.

For all of 1986, the gross national product grew just 2.5 per cent, as the U.S. finished its poorest year economically since the last recession in 1981-82.

WORLD BUSINESS IN BRIEF

Swiss banks to compromise on secrecy laws

ZURICH (Reuters). – Swiss bankers, concerned about official calls for curbs on Switzerland's traditional banking secrecy, are expected to propose a compromise plan when they meet bank regulators today.

Bankers' federation Secretary Andreas Huber said his group would make proposals to restrict the anonymity given to some bank clients, who hide their identity behind lawyers and agents.

Recent allegations that U.S. officials involved in the Iranagate scandal took advantage of Swiss discretion to open accounts have fuelled the long-running debate over bank secrecy. While Swiss banks are strictly forbidden to reveal the name of their clients, a self-governing code of conduct dating from 1977 requires that

they must know the identity of the client.

The code is due for renewal in October.

SWITZERLAND'S AIRLINE, Swissair, said last Thursday it has chosen McDonnell-Douglas Corp.'s new MD-11 three-engine jetliner to replace its aging fleet of long-range DC-10's in the 1990s.

The carrier said it has ordered six MD-11's to be delivered in 1990 and has options on another 15. It said it has set aside a total \$785 million for the replacement of the 11 DC-10's. The MD-11 is an updated and extended version of the DC-10, also built by the aircraft manufacturer based in St. Louis, Missouri.

FLEET FINANCIAL GROUP of Rhode Island said last week it would

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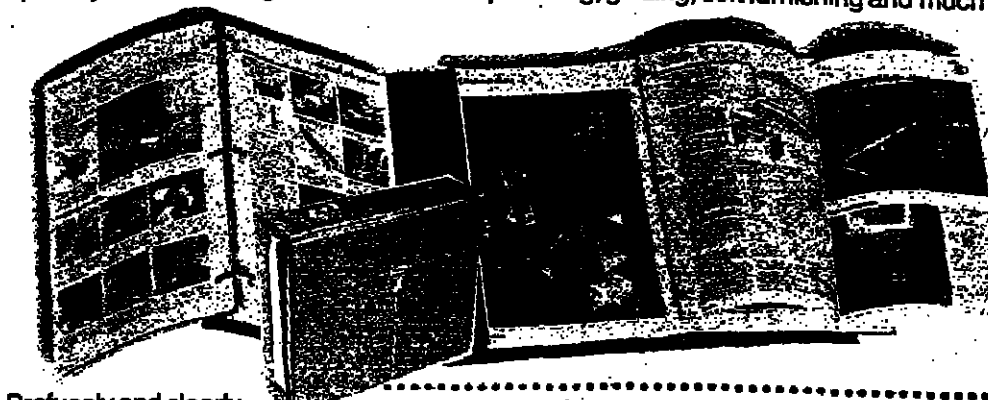
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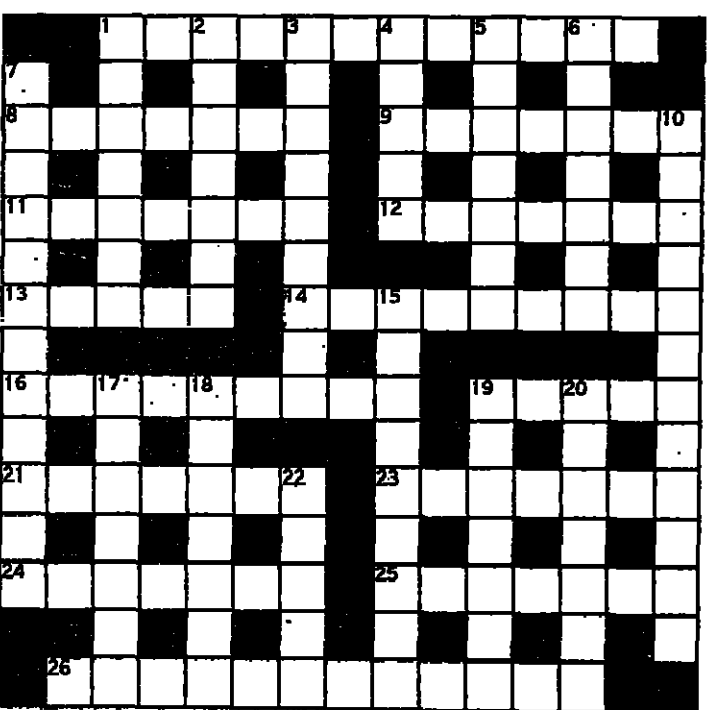
CROSSWORD

ACROSS

- 1 Look, no hands! (7,5)
- 2 Language upsetting Maria in a first-class compartment (7)
- 3 Follower of Peter the Great in poor straits (7)
- 4 Has a crush on one of the family? (7)
- 5 Bone of the body in solid formation (7)
- 6 Poet retracting on his agreement (5)
- 7 Invent a payment for backs? (4,1,4)
- 8 Top feature of a beauty queen, for what it's worth (4,5)
- 9 Cried into drink (5)
- 10 Saw the cake wasn't sugar-coated (7)
- 11 Fat, I'm in arrangement of orchestral piece (7)
- 12 To whom red roses were anathema in the Middle Ages (7)
- 13 Couldn't be meaner (7)
- 14 Top insurance for motorcyclists? (5,7)

DOWN

- 1 Fabrics from plant in moisture-free setting (7)
- 2 Gateshead girls in see-through wear (7)



3 Left it to chance anyway, being crafty (9)

- 4 All aglow at the smoking concert (3,2)
- 5 A number with two degrees in a state (7)
- 6 American city fashionable in the past (7)
- 7 Dream-guy who gives one the go-by? (7,5)
- 8 For them it's mostly filling in time at work (12)
- 9 Not different from Iceland it could be revealed (9)
- 10 He gives a service and provides the fare (7)
- 11 Sufferers in adversity (7)
- 12 Settle down to write (7)
- 13 Aspired to make American babywear (7)
- 14 Throw down the drain? (5)

Yesterday's Solution

LOCAL AGITATED
FALLING OPEN AIR
ECONOMY
RUMP DRIFT BOSS
A S E L S
BOLLYWYLER
H E L L
H E R I N G C O N S E L E
R U T W C O N Y T
G O O N M I S S A G E N E
L E S O N A W E R
O P I N I O N I N D I A N A
S C S E P E Z S D
S U N S H A D E E T H Y M

QUICK SOLUTION

ACROSS: 1 Boarder, 5 Guard, 8 Salad, 9 Bromide, 10 Levellers, 12 Arm, 13 Deride, 14 Caviar, 17 Owl, 18 Chastened, 20 Lineage, 21 Strad, 22 Treat, 24 Tremble. DOWN: 1 Basil, 2 Awl, 3 Diddled, 4 Rubber, 5 Gross, 6 Agitation, 7 Dreamer, 11 Virulence, 13 Droplet, 15 Artiste, 16 Latent, 18 Chart, 19 Dodge, 22 Rob.

QUICK CROSSWORD

ACROSS

- 1 Light-yellow
- 2 Ran fast
- 3 Rascal
- 4 Habitual
- 5 Canvass
- 6 Sports side
- 7 Headwear
- 8 Egyptian goddess
- 9 Timber
- 10 Self-pride
- 11 Depend
- 12 Citizen soldiers
- 13 Suspended
- 14 Sheen
- 15 Attractive (sl.)
- 16 Thoroughfare

DOWN

- 1 Dense woodland
- 2 Bell rung for prayers
- 3 Work-out
- 4 Drag
- 5 Elevate
- 6 Fantastical
- 7 Soup
- 8 Cloaming
- 9 Result
- 10 Exotic plant
- 11 Greek letter
- 12 Type of bound
- 13 Seaside golf course
- 14 Minute

GENERAL ASSISTANCE

EMERGENCY PHARMACIES

Jerusalem: Raphael, 39 Sorotzkin, 811801; Balaam, Salah Eddin, 272315; Shufet, Shufet, 810106; Dar Aldawa, Harod's Gate, 782058.
Tel Aviv: Benny, 174 Dizengoff, 222386; Kupat Holim Macosbi, 2 Balfour, 289856.
Ra'anana-Kfar Sava: 12 Habanim, Resco Building, Hod Hasharon.
Netanya: Kupat Holim Meuhedet, 13 Harry Kook, 44655.
Krayot Haifa: Pentagon, 4 Hagdud Ha'Yot, Krayot Motzkin, 711490.
Haifa: Yavne, 7 Ibn Sina, 672288.

DUTY HOSPITALS

Jerusalem: Bikur Holim (pediatric), Hadassah Ein Kerem (internal, surgery, orthopedics, E.N.T.), Shaara Zedek (ophthalmology), Migav Ladsch (obstetrics).
Tel Aviv: Rokah (pediatrics), Ichilov (internal, surgery).
Netanya: Laniado

POLICE 100

Dial 100 in most parts of the country. In Tiberias dial 924444, Krayot Shmona 4444.

FIRE 102

In emergencies dial 102. Otherwise, dial number of your local station as given in the front of the phone directory.

FLIGHTS

24 - Hours Flight Information Services: Call 03-0971244 (multi-line), Arrivals Only (Taped Message) 03-381111 (20 lines)

FIRST AID 101

Megan David Adom

In emergencies dial 101 in most parts of the country. In addition:

Ashdod 41333 Jerusalem *523133
Ashkelon 23333 Kiron 244442
Bat Yam *551111 Krayot Shmona *4624
Beersheba 74767 Nahariya *923333
Carmiel *980535 Netanya *230332
Dor Region *781111 Petah Tikva *923111
Eilat 7233 Rehovot *461333
Hadera 22333 Rishon LeZion 94233
Haifa *512233 Safed 30333
Hatzor 36333 Tel Aviv *240111
Holon 803133 Tiberias *90111

* Mobile Intensive Care Unit (MICU) service in the area, around the clock.

Emergency - Second Line Fire Aid, Tel. Jerusalem 227171, Tel Aviv 251111 (children/youth 03-261113), Haifa 672222, Beersheba 418111, Netanya 353116, Carmiel and the north 04-888410.

Rape Crisis Centre (24 hours), for help call Tel Aviv, 234819, Jerusalem – 245554, and Haifa 352611.

The National Poison Control Centre at Rambam Hospital, phone (04) 528205, for emergency calls, 24 hours a day, for information in case of poisoning.
Kupat Holim Information Centre Tel. 03-433300, 433600 Sunday-Thursday, 8 a.m. to 8 p.m. Friday 8 a.m. to 3 p.m.

MARKET PLACE

PINHAS LANDAU

Free and open markets

One hesitates to write about them, for fear that publicity will cause a change of heart. But it is true, not one, but two, important decisions, have been made almost simultaneously, and both in the right direction towards freer and more open markets.

Significantly, both concern the bond market, which has become the main focus of reform, as indeed it should be. Only when the bond market begins to operate normally, and ceases to be the government's private park, will the share market have even a chance of becoming an effective place to raise capital and deploy investment, as distinct from speculative funds.

The two decisions were both made last week. One, by the stock exchange, involved a "negative commandment" — not to act with regard to seeking guarantees for investors in corporate bond issues. The second, by the Treasury and the Bank of Israel — the government, in short — was a "positive commandment" — to allow the Bank of Israel to restart open-market operations in the secondary market (see story on this page).

Despite their opposite nature, the effect of both should be to make the bond market work better. Although the government's decision apparently involves "intervention," it is of the legitimate and desirable sort — if done sensibly.

The stock exchange management is to be commended for having finally come to its senses and realized that it cannot get involved in the nitty-gritty of every bond issue. Even the Treasury has not sought the power to dictate to companies and underwriters what assets each bond issue is to have underlying it, thereby protecting investors from a possible default, either on interest payments or on the capital. The Tel Aviv Stock Exchange should certainly not step in where devils fear to tread.

Thus, the TASE board of directors' decision to leave this matter to negotiation between each company and its underwriters is the only valid course. How are investors to distinguish between better and worse quality issues? On the basis of information provided in the prospectus and through the provision of ongoing information by the companies involved.

The fact that, as we have often noted, such information has been woefully lacking, is only partially in the TASE's power to correct. Beyond pressing for more frequent and more detailed financial statements and rapid dissemination of corporate news, the exchange can — and should — do nothing. The market should be left to sort itself out.

Exchange Chairman Haim Stessel is therefore quite right in saying that this increases the urgent need for an independent rating company of some sort with which the TASE itself will have no part. If there is a need, the market will provide it. If investors are happy to invest "blind" — why, that's their problem. When the first bond issuer goes belly-up, and they are left high and dry with no protection, they will be poorer and wiser.

In short, it looks as if the TASE has realized that real investors don't need mollycoddling, and that suckers can't be saved from their own gullibility. As for Stessel's contention that there is no danger of a "junk bonds" market developing in Israel — one hopes he is wrong, but that is another story for another time.

Meanwhile, back in Jerusalem, the wise men in the capital markets committee, chaired by Deputy Finance Minister Adi Amoral, have given the green light for the Bank of Israel to buy and sell government bonds on the secondary market. This is known in the parlance as "open market operations," and is a normal everyday activity by central banks in most countries. It is part and parcel of routine monetary policy and is a standard procedure for helping control the money supply.

When the government wants to "soak up excess liquidity," the central bank sells bonds and keeps the money; when it wants to "release funds into the economy," it buys bonds and gives investors the money to spend or save as they desire. The whole process is complementary and supplementary to directly changing the rate of interest through the discount rate (in Israel the "monetary loan" rate) and to selling new bonds on the primary market.

The latter is now going to be done solely on the basis of budgetary needs, at the behest of the Treasury, and will be disentangled from the issue of the state of liquidity in the economy at any given time.

In recent years, particularly in the Bejaki and post-Bejaki periods, the government was unwilling to indulge in open market operations for fear of being accused of "regulating" bond prices. Having gone from one extreme to the other, one should hope the government has finally learned that there is a clear role for it to play in terms of market intervention. It's just a matter of understanding when and how much.

Fueled by low prices

Petrol use shot up 19% last month

By KEN SCHACHTER
For The Jerusalem Post
TEL AVIV. — Petrol consumption for February was 19 per cent higher than at the same time a year earlier, Energy Ministry officials said yesterday.

The sharp rise was attributed to a corresponding decline in the price to the consumer.

"In shekels, the price of gasoline in February 1987 was about 18 per cent lower than a year ago in current prices," said Natan Arad, director-general of the Energy Ministry. In constant terms, taking into consideration the cost of living, "we're talking something around 30 per cent," he said.

Still, officials said, the consumer's cost of petrol covers all taxes, and refining and marketing costs.

"If we compare costs to those in Europe, on a consumer level, we score fairly well," Arad said. "Our prices are lower than the European average because our taxes are lower."

Italy imposes a 90 per cent tax on petrol, while Israel's tax rate is adjusted in order to maintain a stable price to the consumer. A basic tenet of Energy Ministry policy, however, is that petrol should not be subsidized.

Government sources said that the programme of maintaining a stable petrol price at the pumps is based at least in part on a Finance Ministry study that predicted a 10-15 per cent

increase in the cost of petrol would cost the economy \$600 million by setting off a wave of wage and price increases through the cost-of-living index. Without such an increase, the study found, the government would lose only about \$8m. In taxes. Petrol prices have not been adjusted despite a 10 per cent devaluation on the shekel earlier this year.

One official said the Energy Ministry would wait several weeks before deciding whether it should react to the increased consumption in petrol.

Lower petrol prices are largely the result of the tumble in world crude oil prices in past months. Last summer, Energy Ministry strategists bided their time until prices on the spot market reached \$9.60 a barrel. At that point, one official said, Israel filled its tanks. Since then, prices on the spot market have reached over \$18 a barrel.

Also contributing to the increased demand for crude oil products has been the unusually cold weather this winter. The weather has led to an increase in the sale of liquefied petroleum gas used in heaters, and greater loads on electrical power plants, which use fuel oil to generate about 45 per cent of their energy.

Another factor adding to the demand for petrol has been increases in the price of public transportation, officials said, which tend to make driving a private car an attractive option.

Union Bank pre-tax profit soars

By PINHAS LANDAU
Post Finance Reporter

Union Bank of Israel, a member of the Bank Leumi group, reported on Friday a one-third jump in pre-tax profit in 1986, although net profit was halved.

It was apparently the boom in the diamond sector, where Union has a market share in excess of 50 per cent, that boosted the bank's revenues and produced the strong profit showing. Union, Leumi's largest subsidiary, is the first bank to date to report an increase in gross profit for last year, and none of the major banks are expected to emulate this feat.

Gross operating profit totalled NIS 30.9 million, compared with an equivalent inflation-adjusted NIS 23m. In 1985, representing a 34.5 per cent growth in pre-tax earnings.

However, the directive of the Institute of Accountants, under which companies have to adjust their deferred taxes for 1986 to reflect the effect of the proposed lower tax rates that the reform is due to usher in for 1987, caused a sharp decrease in net profit. This totalled NIS 5.5m., half of 1985's NIS 11m. level. In that year, taxes took only 52 per cent of gross profit, but this swelled to 82 per cent last year.

As a result of this divergence between gross and net profits, the return on equity (ROE), which was a very high 45.6 per cent on a pre-tax basis, amounted only to 8.1 per cent after tax. In the short run, the ROE is largely irrelevant to investors, because Union is part of the "arrangementment" and its shares are therefore effectively government bonds.

Nevertheless, the fact that the bank could achieve such a high return might have significance in terms of the treatment accorded it in the post-"arrangementment" status of the bank shares.

The bank's balance sheet fell 5.6 per cent to a total of NIS 2.09 billion. As with other banks, this reflected the impact of the frozen dollar/shekel exchange rate that prevailed throughout 1986, that eroded the inflation-adjusted value of dollar-denominated assets and liabilities. These form a large part of the total for Union.

Deposits from the public slumped by 1.5 per cent to NIS 1.242b. on December 31, 1986, compared with end-1985, but loans to the public rose from NIS 590m. to NIS 638m., a gain of 8 per cent.

Shareholders' equity rose by the full amount of the net profit, to reach NIS 73.3m. This gave Union a capital/assets ratio of 3.5 per cent which, while still low, was an improvement over 1985's 3 per cent level. Set-offs for bad loans totalled NIS 8.7m. in 1986.

The bank's management noted that it continued to concentrate its efforts on the areas in which it has built up expertise, namely the diamond industry, the international money markets and trade financing.

'Diamond supplies aren't declining'

TEL AVIV. — Israeli Diamond Exchange President Moshe Schmitzer dismissed reports that there will be a reduced supply of diamonds this year.

Sources in a Copenhagen report had suggested that De Beers, the company behind the London-based Central Selling Organization, which supplies most of the world's rough diamonds, had run its inventory down to a 10-year low.

However, Schmitzer said Israel had already won a 20 per cent increase in price in the first two months of this year.

No interest rate cut until Bruno returns from U.S.

By AVI TEMKIN
Post Economics Reporter
No decision on cutting interest rates is likely to occur for the immediate future, as Bank of Israel Governor Michael Bruno left for the U.S. yesterday, joining the central bank's No. 2 official, Victor Medina, there.

With the top two bank officials out of the country, financial observers said the bank was unlikely to take any action to reverse or modify its controversial decision last month to

boost the interest rate once percentage point to 2.5 per cent a month.

Bruno is in Washington for several days to attend a meeting of the Inter-American Development Bank, of which Israel is an associate member. As an associate, Israel is entitled to bid on contracts funded by the bank. Medina, who is director of the bank's monetary department, is in the U.S. for three months.

Separately, the central bank

announced over the weekend it had begun open market operations for the first time ever. Open market operations, a standard practice in developed economies, are when the central bank participates in the secondary market for government securities, that is the market for bonds that have already been issued and are now traded among investors.

The move, part of the overall reform of Israel's capital market, will at the same time enhance the Bank of

Israel's power and independence while freeing the Treasury to issue bonds according to the government's need for funds. By entering the market to buy and sell securities, the central bank will be able to influence the economy's liquidity, or money supply.

The Treasury, as a result, will be able to issue new bonds without concerning itself with its effect on the money supply, as the central bank will assume ultimate responsibility.

Buchsbaum to resign from top Leumi position

Post Economics Staff
Haim Buchsbaum, Bank Leumi's finance chief and a confidant of the bank's former chief executive officer Ernest Japhet, said yesterday he would resign following publication of Leumi's annual results next week.

His resignation was announced by the bank's board along with a series of other major appointments, including David Friedman, 57, as the new managing director of Union Bank and Shlomo Feuerkovsky, 52, as Buchsbaum's successor.

Although the directors, in a statement to the press, thanked Buchsbaum for his 37 years of service, they cited no reason for his departure. Buchsbaum himself said yesterday that he had resigned, and was not asked to leave.

Reports, however, have it that Buchsbaum felt he did not have the confidence of Leumi's new CEO, Zaidik Bino. Under Japhet's

tenure, Buchsbaum had held a privileged position at the bank, including the responsibility for writing his boss' cheque, a highly guarded secret until last year's scandal over bank executives' competition broke out.

That forced Japhet's resignation and for some time put both Buchsbaum and Leumi's chief internal auditor, Ya'acov Hirsh, under pressure from the works committees to resign as well.

Besides Friedman's appointment to Union Bank, where he succeeds M.M. Mayer at the end of June, other major appointments announced yesterday were:

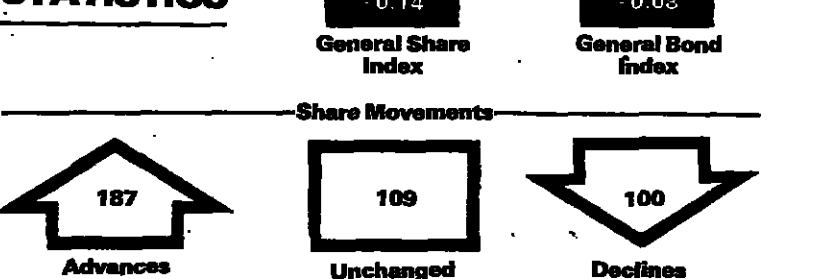
• Zaiman Segal, 49, replaces Friedman as head of the international department.

• Avraham Hafetz, 49, was named head of the bank's directorate, succeeding Segal.

• Robert Klein, 52, will be deputy chief of the business department; Moshe Nadir, 55, deputy head of the business department.

Tel Aviv Stock Exchange

MARKET STATISTICS



Stock Indices	Investment Cos.	Bond Indices
General Share (ex-arr)	149.88+0.48%	Index-linked Bonds
Non-arrangement Banks	137.88-0.52%	Fully linked
Arrangement Banks	108.44-0.17%	Partially linked
Mortgage Banks	146.68+0.34%	Foreign currency
Spec. Fin. Inv.	113.02+0.25%	FC denominated
Insurance	128.22-0.20%	FC linked
Commerce & Services	148.43+1.08%	Medium-term 0-2 yrs
Real Estate & Agric.	143.88+0.71%	Short-medium 2-5 yrs
Industrials	151.28+0.32%	Medium-long 5-7 yrs
Food & Tobacco	149.71+0.38%	Long-term 8+ yrs
Textiles	147.86+0.79%	Turnovers
Metals	150.22+1.37%	Shares
Electronics	158.22+0.36%	Non-arrangement
Chemicals	147.90+0.40%	
Industrial Invest.	162.36-0.62%	

SELECTED PRICE QUOTATIONS

Name	Price	Volume	% change
Commercial Banks			
(not part of "arrangementment")			
Maritime	2080	3120	-2.3
General non-arr.	26300	387	-8.5
First Int'l	6100	3635	
FIBI	5750	4840	+1.7
Commercial Banks			
(part of "arrangementment")			
IDB	91300	250	-0.2
Union 0.1	116800	163	-0.3
Discount	37570	1342	-0.2
Mitral	62030	1034	-0.2
Hapoelim r	189010	6	-0.2
General A	38440	1657	-0.2
Leumi 0.1	52300	8	-0.8
Fin. Trade			
Mortgage Banks			
Leumi Mort. r	9780	143	+0.8
Dev. Mort.	3900	489	-2.5
Mishkan r	3710	688	-
Tefahot r	24630	148	-0.1
Marav r	9150	1221	+4.0
Financial Institutions			
Agrie C	no trading		
Ind. Dev. DD	no trading		
Cit Leasing 0.1	29000	346	-
Insurance			
Ararot 0.1 r	1600	1171	+4.3
Hanashet r	435	55335	-0.9
Phoenix 0.1	830	5124	-
Hanashet r	7200	310	+1.4
Memorah 1	2850	288	-6.4
Sahar r	7890	882	-0.3
Zion Hold. 1	12840	57	-0.4
Trade & Services			
Mair Ezra	1300	4712	-4.4
Supersol 2	12800	1298	+4.9
Dalek r	5890	6420	-0.0
Lightarge	30000	289	+3.3
Cold Storage	1505	9428	+8.0
Prop. & Bldg.	1935	549	-
Yarden Hotel	2888	66	+1.5
Hilon 1	no trading		
Team 1	1300	13834	+8.3
Real Estate, Building and Agriculture			
Azorim	1280	22408	+2.3
Elon	484	9128	-1.4
Africa 0.1	55050	758	+2.6
Denkner	7000	798	-7.7
Prop. & Bldg.	3720	4793	-
Bayleite 0.1	4780	2014	-
ILDC r	6750	95	-
Ressco r	5300	475	+0.4
Mahadrin	7240	1050	-5.9
Hadarim	1890	2538	-
Industrials			
Dubek b	6711	944	-
Priz-Ze 1	no trading		
Sunfrost	15820	282	+2.1
Elita	27070	2233	+1.4
Adgar	824	8812	-6.4
Argaman r	18170	279	+3.2
Delta G 1	5840	731	+3.5
Maquette 1	4800	301	-2.0
Eagle 1	757	2867	+1.1
Poigat	4720	829	+1.6
Schoeller	20010	849	-1.5
Rogovin	3000	545	+8.6
Urden 0.1 r	10250	1440	+4.6
Is. Can. Co. 1	4900	2472	+1.0
Zion Cables	2850	1024	+1.8
Pecker Steel	23900	35	-
Elbit	635500	46	-0.8
Elron	519000	48	-1.9
Art	31920	316	+0.4
Cit Electronics	2700	8080	+6.3
Speztronik 1	3450	1784	+3.1
T.A.T. 1	2109	2119	+1.9
Ademint 1	1193	2115	-
Agan 5	23020	404	-
Alliance	2611	1202	-
Dexter	3000	131	-8.9
Fertilizers	5100	132	-1.0
Haifa Chem.	888	12514	-2.2
Teva r	12200	1693	-1.6
Dead Sea r	3000	12370	+2.7
Petrochem.	8522	20542	+1.8
Neco Chem.	8836	1242	+3.0
Frutrom	20220	130	-
Hadara Paper	44849	98	-
Central Trade	13000	1245	+1.4
Koor p	14025000	0	+2.3
Cit Inds.	2675	69089	-2.8
Investment Companies			
IDB Dev. r	9225	2754	-1.3
Elron	6050	4608	-
Art 1	440	23526	+8.0
Galelet	1841	470	-
Israel Corp. 1	22700	1548	+3.1
Wolfson 1 r	137500	-	+1.2
Hapoelim Inv.	11450	1319	-2.6
Leumi Invest.	8015	7083	-0.7
Mitral Invest.	35380	289	+4.1
Leumi 0.1	1589	32276	+1.6
Landeco 0.1	3882	858	-
Perna 0.1	12900	282	+2.4
Oil Exploration			
Parat Oil Expl.	32300	155	+0.9
J.O.E.L.	6420	6.01	+5.0

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Foreign Markets

Shekel Deposits (annual rates)					
Bank	Deposit	1 day	7 days	14 days	30 days
Leumi	Up to 999	10.00	11.00	12.00	15.00
	1,000-9,999	23.50	21.50	21.50	21.50
	10,000-49,999	25.00	22.50	22.50	22.50
	50,000+	25.00	23.00	23.00	23.00
Hapoelim	Up to 999	—	—	—	—
	1,000-9,999	—	—	—	—
	10,000-49,999	—	—	—	—
	50,000+	—	—	—	—
Discount	Up to 999	10.00	11%	12.00	15.00
	1,000-9,999	22.00	22%	22.50	21.00
	10,000-49,999	24.00	24%	24.00	23.50
	50,000-99,999	24.50	24.50%	25.00	24.00
Mitral	Up to 999	—	—	—	—
	1,000-9,999	—	—	—	—
	10,000-49,999	—	—	—	—
	50,000+	—	—	—	—
First Int'l	Up to 999	17.00	15.10	15.10	15.00
	1,000-999	22.00	21.00	21.00	20.00
	1,000-999	22.00	21.00	21.00	21.00
	10,000-49,999	24.00	23.50	23.50	22.20
	50,000+	25.00	25.00	25.00	23.00

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Ordeal by trial

SOME TWO years ago an American Jew by the name of Avrohom Mondrowitz came on aliya to this country, followed by his wife and seven children. In the ordinary course of events there would have been no bar to his receiving Israeli citizenship under the terms of the Law of Return. But Mr. Mondrowitz, a child psychologist, had been anything but an ordinary case.

Not long after his arrival here a request for his extradition to the U.S. landed on the desk of the then interior minister, Rabbi Yitzhak Peretz. It turned out that the ultra-Orthodox new immigrant had not so much come as rushed here after his life had been threatened by irate ultra-Orthodox neighbours, and after police detectives had visited his home in Brooklyn's Boro Park area to check allegations that he had committed "numerous sexual abuses" of children.

Plainly, the immediate grant of citizenship to Mr. Mondrowitz was rather out of the questions.

Extradition, on the other hand, would indeed have been the best solution to the problem presented by the arrival of Mr. Mondrowitz. It would have allowed him, even if against his will, to rebut what he termed viciously libellous charges in the only court competent to render judgment on them. Later his exoneration would have made it possible for him to claim, if he still wanted it, Israeli citizenship for himself and his family.

The treaty of extradition between Israel and the U.S. does not, however, apply to child molestation. The alternative to letting Mr. Mondrowitz stay in the country on the specious ground that his guilt had not been proven, was to have him deported to U.S. jurisdiction.

Deportation was ruled out by Rabbi Peretz. Guided by a halachic ruling handed him by two well-known local ultra-Orthodox rabbis, the Shas leader, sweeping aside the opinion of ultra-Orthodox authorities in Brooklyn, found a neat solution of his own to the dilemma. To spare Mr. Mondrowitz and his family unseemly humiliation, he was given a temporary tourist visa, while being kept on probation, of sorts. His probation "officers" were to be a private group of citizens accountable to no-one but Rabbi Peretz himself.

If they were unable to find any fault with Mr. Mondrowitz's conduct, that was to mean that his stout denials of sex crimes overseas were entirely truthful, and that he could be no danger to Israel's own younger generation. They were not, in fact, able to do so, and Mr. Mondrowitz was in line for the grant of the status of permanent resident by the end of last month.

Fortunately, Rabbi Peretz stepped down as interior minister before that deadline arrived. Reviewing the Mondrowitz file, in which he also found fresh allegations that the fugitive had contracted AIDS in America and passed it on to children he molested, Deputy Minister Ronnie Milo, now in charge of the Interior Ministry, decided that Mr. Mondrowitz be deported.

The disclosure by Mr. Milo of the Aids charge was rather indecent, if only because its veracity could easily be checked right here at home. Tests at Jerusalem's Hadassah Hospital, to which Mr. Mondrowitz had submitted voluntarily, have meantime proved negative.

That he is not guilty of spreading Aids may now be considered as proven. But if the pious Mr. Mondrowitz is to be held also innocent of the charges of child molestation levelled against him, he must prove it in the proper American jurisdiction. Whatever some local Torah sages may feel about the prospect of a Jew being yielded to the goyim for judgment, as far as Israel as a state is concerned the prime consideration - to quote Mr. Milo - is that "an accused person, whether Jew or non-Jew, should stand trial."

The art of not knowing

DID THE U.S. Central Intelligence Agency recruit an American spy in Israel back in 1982, or did it not?

Last Friday it was reported in *The Jerusalem Post* that the immediate past chairman of the Senate Intelligence Committee, Senator David Durenberger, had given as the reason that prompted Israel to use Jonathan Jay Pollard the fact that the CIA had recruited a high-level IDF officer, during the Lebanon War. He was discovered in 1984 and, according to Sen. Durenberger, "bumped."

Over the weekend the story was both confirmed and denied by supposedly "reliable sources" in Washington.

In Jerusalem, it was immediately invoked by Tehiya leader Yuval Ne'eman to support his demand for the suspension of Israel's pledge to the U.S. of cooperation in the investigation of the Pollard affair. Tit for tat, was MK Ne'eman's thesis: if the Americans engaged in espionage against Israel first, despite a mutual undertaking by both countries to refrain from spying in one another's territory, then this country is in the clear, and it need feel no pangs of conscience about having had its own now convicted man in Washington.

Before jumping to any such conclusion, it might of course have been advisable to get the record straightened out by the so-called responsible leaders of Israel's own government. But these leaders neither confirm Sen. Durenberger's version, nor do they deny it outright. Premier Yitzhak Rabin and Foreign Minister Shimon Peres are merely denying knowledge.

Are they deliberately hiding something from us? Are they, as *The Washington Post* has suggested, reluctant to admit that a senior Israeli army officer has spied for the Americans? Or will they rather protect the Americans than admit that the officer in question has actually been "bumped," or whatever?

Or is it perhaps that the government has now more-or-less officially adopted Mr. Shamir's theory of governance, according to which "whoever needs to know, knows, and whoever does not know, does not need to know"?

CARTER

(Continued from Page One)

the Middle East.

After a three-hour meeting with Assad at the Muhajirine Palace, Carter told reporters that he had had "a very pleasant, broad-ranging discussion" with the Syrian president.

He refused to elaborate on the topics discussed. When asked by reporters if he brought up the issue of the eight American hostages in Lebanon, he said: "I think it would be better to let President Assad reveal the subjects we discussed."

Jibrane Kourieh, the Syrian president's spokesman, said talks between Assad and Carter "focused on international relations, the situation in the Middle East and its developments as well as the Lebanese question."

He gave no other details.

The former president and his wife, Rosalynn, flew from Cairo Saturday on the third stop of a private

Middle East tour. They are expected to fly to Jordan tomorrow and stop in Israel later in the week before returning home.

Asked by reporters in Cairo whether he would meet with PLO representatives during his tour, which also took him to Algeria, Carter said: "I reserve the right to meet with whomever I choose. I have already met with people who are very close to the PLO. And there is nothing that prevents me from meeting people that are members of the PLO."

Damascus is the most controversial stop of Carter's tour, which has been sharply criticized by the White House.

Only four months ago, Washington recalled Ambassador William Eagleton from Damascus, charging that the pro-Soviet government was involved in international terrorism.

Let's get ready for a new system

Yosef Goell

THE IDEA of electoral reform - of changing the manner in which we elect our Knesset, from an extreme form of proportional representation to some form of constituency elections - has been around for over three decades, has got nowhere, despite the support of such political giants as David Ben-Gurion, and of increasing popular dissatisfaction with the existing system.

That failure is the result of a Catch-22 situation. Electoral reform can be undertaken only by the Knesset itself, which has always comprised a vast majority of MKs who owed their election to the existing system. Unlike academic political scientists, newspaper columnists and others accustomed to theorizing about such questions, MKs have always known one great truth: you do not tamper with a system that has worked in your favour.

So how can anyone expect electoral reform ever to be effected? The answer is that major changes do occur in political systems, but hardly ever in response to persistent organized advocacy. Major changes, when they come, usually are a response to crisis situations in which political leaders become convinced that the existing system no longer works, and could even constitute a mortal danger to the polity itself. The Algerian crisis during France's Fourth Republic and the rise of De Gaulle and the Fifth Republic, is a case in point.

THE SIGNS that we in Israel may well be in a situation similar to the frustrating last years of the Fourth Republic have been multiplying in recent years. Our politicians are the first to bemoan the fact that the internal paralysis of our political system has been making it impossible to deal rationally with a burgeoning host of problems, some of them critical to our very existence. One need only mention such instances as the Pollard affair and the conduct of our relations with the U.S.; the failure to exercise sufficient control over the security services; the manner of our going into and withdrawing from Lebanon; the hyperinflation of the early 1980s and the failure to translate a successful initial fight against it into a policy of econo-

mic growth; and the breakdown of major services such as education, health and welfare.

Our politicians, who know in their bones that the system is not working, have proven unable or unwilling to do anything about it. But the signs of incipient revolt among government and Knesset backbenchers that have accompanied the belated flap over the Pollard scandal, may indicate that a broad-based demand for basic changes in the system is no longer an impossibility.

WHEN THE time for major political change comes, it will in all likelihood be rushed. The compulsion of whatever crisis triggers that desire for change may well be so great as not to leave too much time to consider the exact nature and suitability of the changes being proposed. That time may be much nearer than most of us frustrated supporters of change believe.

This is being written partly in response to a number of recent articles that have appeared in *The Jerusalem Post* in support of electoral change. What is urgently needed at the present time is not so much additional agitation, but a public rethinking of the ideas of reform that have been bruited about for decades.

For example: the present proposal for electoral reform on the basis of a mixture of constituency and proportional elections is really a compromise that was worked out when it became clear in the 1960s that the original proposal for electoral reform stood little chance of adoption. It is a bad proposal, however, that combines all the drawbacks of both constituency and proportional elections.

When I start with the question of what is wrong with the present system, what the country needs, and what are our weaknesses that should dictate care in the sort of changes we make, I come up first and foremost with the answer that what we suffer from most is weak government.

And weak government that does not permit the elected rulers to rule

effectively inevitably attracts, and pulls to the top, the sort of people who are guaranteed to do a poor job. The better people, of whom Israel is full, would not waste their lives climbing up the greasy pole of party politics, or get out in frustration after discovering what day-to-day life at the ostensible top of that pole is like.

I MYSELF would give top priority to a system calling for the direct popular election of an executive president, who would be balanced by a legislature elected from constituencies, and with provision for popular referendums on issues that clearly concern the people directly, and in which elected politicians have no advantage in wisdom over the rest of us.

An article such as this, however, is not the place to go into the pros and cons of specific proposals. Its purpose is to call for the initiation of a public dialogue to consider and prepare basic changes in the manner by which we rule ourselves, so that such proposals could be ready when the political situation which would make their adoption possible arises.

Such an initiative could possibly be taken by the frustrated members of the Knesset sub-committee that has been working for years on a draft civil rights amendment to our Basic Laws. Or it could be taken by a group of retired Supreme Court justices and members of the political science and law faculties of our universities.

The point to make is that the time to push for such deliberations is now, even though there is no chance of changes being adopted in the present political circumstances.

One last paradoxical point. It may well be that the best chance for pushing through the Knesset proposals for major changes lies in not changing the electoral system at the present time. For one of its outstanding aspects is that it makes it very easy for new political groups to push their way into the Knesset. This was true for a Fiat-Sharon and for a Kahane; but it was also true for a Democratic Movement for Change and could be true in the future for another reform-minded new party.

The writer is a member of The Jerusalem Post editorial staff.

Ya'acobi bill won't help

Yitzhak Heimowitz

ISRAELI VOTERS, especially English-speaking ones, are being deluded into believing that the Ya'acobi electoral reform bill presently before the Knesset will introduce constituency elections to this country. It will not.

English-speaking Israelis remember with nostalgia the constituency systems in the United States and Britain. In those systems, one representative or MP is elected in each district. The voters know who their representative is and the latter knows who his electorate is.

In the American system, members of the House of Representatives provide assistance for their constituents in such matters as jobs, difficulties with government authorities, etc. When a constituent comes to the congressman's local office, he is not asked "Whom did you vote for?" but "Where do you live?" If he lives in the district, he is entitled to the assistance of the congressman and his staff.

On the other hand, concerned voters can follow the record of their representative, how he voted on various bills, his work in committees, and so on.

THIS IS what Israelis who support the Ya'acobi bill want; but it is not what they will get. The bill seeks to divide Israel into either 16 or 20 districts. In each district either four or five members of Knesset would be chosen by proportional representation so as to provide altogether 80 MKs. The remaining 40 will be chosen as at present from the national constituency lists.

If this system is adopted, no one will know which of the four or five representatives from his area is his MK. The influence of the individual voter on the MK will not grow nor will the influence of the party diminish. Instead of the national party organs deciding on the candidates, the local party organs will do so. That can certainly not be described as an improvement.

The voters will still not know how members of the Knesset voted on any particular issue. The spectacle of the empty plenum during debates

will continue. The Ya'acobi bill simply does not address any of the real problems of the Knesset and the Israel electoral system.

THERE IS a good example of direct constituency elections in the local government field. The fact that Israel's mayors and chairmen of local councils are chosen directly by the voters has produced strong-minded mayors as Teddy Kolek, Shlomo Lahat, Hananya Gibstein and Avigdor Warshaw.

Unfortunately, the statutory powers granted to mayors are minimal. Nevertheless, they have shown how a system of direct constituency elections could affect Israeli politics.

None of this will result from the Ya'acobi bill.

Arguably, proportional representation is the most democratic electoral system, since it ensures representation to the widest range of public opinion. Nevertheless, there are those of us who hold that the efficiency and accountability of a constituency system would outweigh the pure democracy of proportional representation. However, all the Ya'acobi bill offers us is a complicated two-tier proportional representation system in place of the simpler one that we have now.

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READERS' LETTERS

A CALL FOR TEMPERATE DIALOGUE

To the Editor of *The Jerusalem Post* Sir, - I, an Orthodox rabbi, am outraged when people use religion to condemn other Jews. Although I devote my life to the Torah, I cannot bring myself to create negative stereotypes of those who do not share my beliefs.

On the other hand, I find reprehensible attempts which are made to stereotype religious Jews. The article by Ya'acov Morris (February 27) stereotypes yeshiva students. Orthodox and religiously committed people. I can sympathize with his frustrations. A person who has never learned Torah deeply cannot understand the spiritual life of those who do. But Mr. Morris certainly could have voiced his criticisms more temperately.

After all, religious Jews - even if Mr. Morris does not like to admit it - are part of the Jewish people.

Would it be possible for Jews of all shades of opinion - religious and non-religious, from one political party or another - to declare a moratorium on using inflammatory language against one another? The intolerant religious zealot on the one side and Mr. Morris on the other side belong to all of us. We are not at liberty to write either one out of the Jewish people. We need to find ways where the two of them can talk to each other as human beings, not as stereotypes.

Rabbi MARC D. ANGEL
New York.

THE JNF'S PINE-FOREST POLICY

To the Editor of *The Jerusalem Post* Sir, - At one time the JNF truly symbolized the ceaseless effort to return Israel to a living land (recall the Hula). This was actual reclamation, defined as "restoration to productivity, usefulness, morality." Somehow that policy seems to have been perverted into simple ecological graffiti, the mindless carpeting of the land with dense-forests-of-pine-trees (sic) because for the JNF, each tree symbolizes sincere investment. But, perhaps the symbol has replaced the fact, and even become counterproductive to it?

Will the JNF allow itself to become an adversary to the real ecological wealth and heritage of Israel and to those who protect and nurture it, i.e. the Nature Reserves Authority and the Society for the Protection of Nature in Israel (again recall the Hula). It is sad to think that the JNF considers its overseas donors so uninformed as to be unable to evaluate their honest contribution to keeping Israel alive and beautiful.

Implanted pine-forests, as so used, literally destroy the unique habitats that exist here, and do so fruitfully efficiently. When the accountants arrive, will the JNF be on the credit side?

R. H. BATUSHANSKY FISHMAN
Jerusalem.

SEXUALLY-TRANSMITTED DISEASES

To the Editor of *The Jerusalem Post* Sir, - Dvora Waysman (Readers' Letters, February 12) advocates sexual restraint for today's teenagers. Public health experts strongly endorse this not for chastity but for health reasons. We have experienced a series of epidemics of sexually-transmitted diseases (STDs) and the latest, Aids, means that for many of today's teenagers a choice must be made between abstinence and death.

Ms. Waysman's suggestion to tell teenagers that contraceptives offer no protection against STD is wrong and unethical. Condoms are in the front line of defence against Aids and have long been proven effective in preventing transmission of other STDs, including herpes, gonorrhea, syphilis, trichomonas, fungus, chlamydia and mycoplasma. Di-

aphragms, jellies, suppositories and hormonal contraceptives also afford a measure of protection against various infections and gynecological problems.

Paradoxically, these contraceptives also reduce infertility, since a large proportion of infertility is caused by STDs.

Every teenager today should be equipped with a plan for abstinence and alternative techniques for achieving closeness. But every teenager, girl or boy, should also be equipped with condoms and a knowledge of the health benefits of all the methods of contraception.

Prof. SUSAN HARLAP
Unit for Reproduction
Epidemiology
Hebrew University-Hadassah School
of Public Health
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